

FAR EASTERN ECONOMIC REVIEW

Vol. XXV

Hongkong, September 11, 1958

No. 11

Hongkong's Post-War Rehabilitation and Development..	321	Hongkong Notes and Reports	338
Japan		Finance & Commerce	
Motor Cars Production in Japan	325	Hongkong Exchange Markets	340
Economic Letter from Tokyo	327	Hongkong Share Market & Stock Exchange in August..	341
China		China's Trade in August	342
Overseas Chinese in Australia	328	Hongkong's Trade in August (Imports and Exports; Commodity Markets; Commodity Prices)	343
Taiwan		Hongkong's Principal Imports in 1957	348
Taiwan on the Road to Progress	329	New Companies in Hongkong	349
Singapore		Imports and Exports of China during January/June 1957	349
Developments in Singapore	331	Hongkong's Trading Partners in 1957 (Part 8)	350
Hongkong			
Hongkong's Problem of People	334		

HONGKONG'S POST-WAR REHABILITATION AND DEVELOPMENT*

By T. R. Tregear Ph.D. and L. Berry M.Sc.

(Geography Department, University of Hongkong)

The Colony was officially liberated from Japanese occupation when the British Pacific Fleet sailed into the harbour on 30th August, 1945. For nearly a year (until 1/5/46) it was administered by the military authorities, who began the difficult task of rehabilitation, handicapped by lack of qualified staff and materials.

War and Occupation had not left Hongkong unscathed. Population had dwindled, through flight and a deliberate depopulation policy of the Japanese, from 1,600,000 to a mere 500,000 and that remnant in 1945 was in a debilitated state. All normal development of building and the maintenance of roads and bridges had been suspended so that there was immediately inadequate accommodation for the first inevitable torrent of homing refugees. This lack was further accentuated by the large amount of property looting, which occurred in the short period between the Japanese defeat and the British take over.

The Colony wore a threadbare and bedraggled look, even in the countryside, for, during the latter part of the occupancy, fuel shortage had been very acute and deforestation consequently had been severe.

On the credit side, Hongkong ended the war with an airfield, built largely by prisoner of war labour and one or two new roads, notably one running to the summit of Tai Mo Shan and another out to Sai Kung.

Post-War development can be divided into two phases:—
(a) 1946—1949. This was a period of trade boom, which was accompanied by a large influx of population from the mainland, normal to these periods of expanding trade. Estimated numbers went quickly up to 1,600,000 again.

Housing shortage was acute. The Peak area had been the worst victim of the looting in 1945. Not a house had escaped, not a house was habitable and therefore much time and energy were taken in their rehabilitation.

The Public Works Department during these years had to devote its full attention to the work of re-surfacing the neglected roads and re-building many of the bridges in the New Territories, which had been destroyed by the retreating forces in 1941.

While in internment at Stanley, a number of Government servants and concerned persons worked out schemes for the marketing of fish and vegetables, which would ensure a just

price to the fisherman and peasant farmer and thus encourage development in these two industries so vital to the life of the Colony. The ideas there formulated took immediate shape in the establishment of a Government Fisheries Department and a Fisheries Co-operative Society, followed quickly by similar institutions and organizations for the marketing of vegetables. These two schemes have had phenomenal success; in the case of vegetables, it has served to raise production nearly to the point of self-sufficiency.

(b) 1949 on. This second phase was occasioned by the very rapid change in the political situation in China when the Kuomintang collapsed in face of the Communist advance southward.

The immediate impact on Hongkong was a further great influx of people, this time of refugees amounting to some 700,000 to 800,000. This influx, as was slowly realized, was of a different calibre from all preceding ones. When trade recession came, as it did soon after, it did not bring with it a corresponding exodus; formerly slump after boom or peace after political unrest had been attended by a return of people to their homes on the mainland and thus an adjustment of population to the Colony's resources was achieved.

The Communist victory was followed by a trade embargo on a very wide range of goods—on anything that could be interpreted as having military value. This embargo struck a very serious blow at Hongkong's economy, rooted as it is in international trade and it has been instrumental in causing a marked reorientation of the Colony's activity. In the past 7 or 8 years there has been a very rapid development of very varied light industry, which has been fostered and expedited by the fact that large numbers of the political refugees were industrialists from Shanghai.

The great increase of population due to the influx of refugees is further augmented by the yearly natural increase of births over deaths, which in 1957 was in the region of 80,000. This population increase, together with the growing industrialization of the Colony, is having much influence and exerting considerable pressure on the lines and scale that development is taking.

* This is the last article in the copyrighted series of 'The Development of Hongkong' which began in the issue of July 10, 1958.

(i) Building.

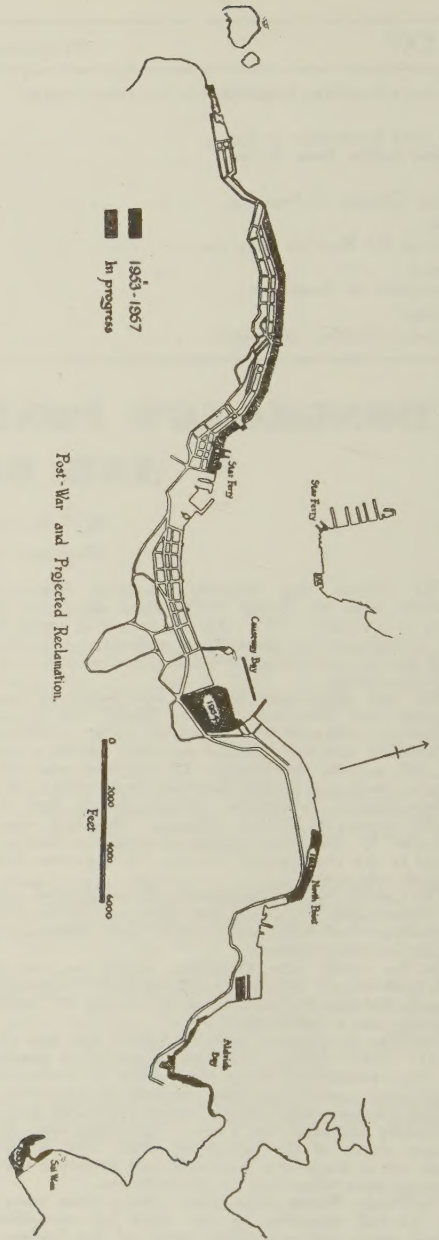
Probably in no place in the world to-day, not even excepting parts of China, is there such extensive and substantial building being undertaken as in Hongkong. Much of the already developed business centres of both Hongkong and Kowloon has been torn down and replaced by office blocks of skyscraper dimensions. Innumerable blocks of flats for the accommodation of the more well-to-do portion of the two cities have sprung up everywhere, while an attempt has been made to meet the needs of the refugees, housed as many have been in squatter huts clinging to the hillsides, by erecting huge tenement blocks in Kowloon.

During this period, industrial building has been very concentrated on the northern outskirts of Kowloon in the Lai Chi Kok area. But the most striking development has been the mushroom growth of Tsun Wan. A little town of some 7,000 to 8,000 in 1949, it now has a population of nearer 80,000.

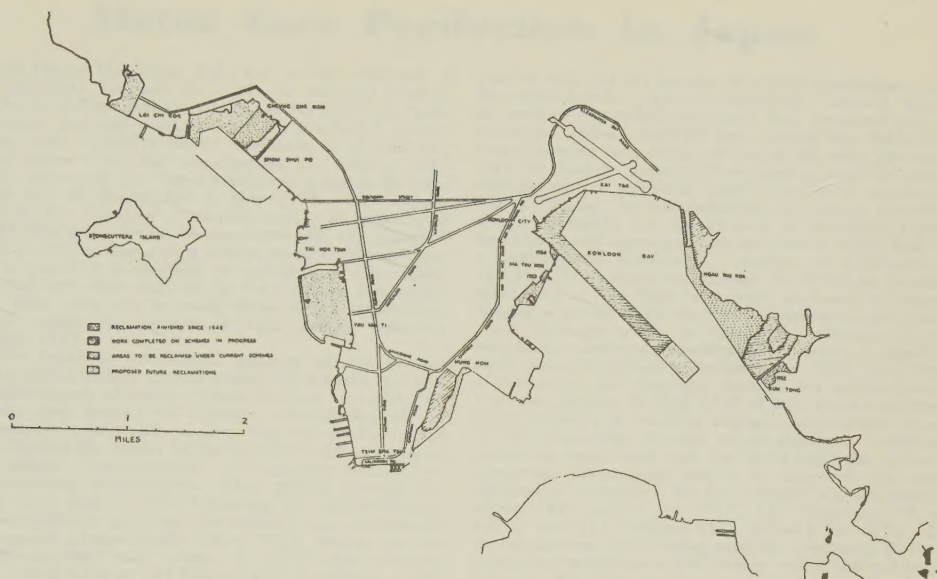
(ii) Roads.

This industrial growth of Tsun Wan and the resultant increase in heavy traffic have necessitated the reconstruction and widening of the road from that town to Kowloon. This work was completed only in 1957 and already the density of traffic points to the need of further widening.

The communication needs of the three rapidly growing market towns in the New Territories, Yuen Long, Fan Ling and Tai Po have been met by the construction of two good roads, running from Yuen Long via Kam Tin to Fan Ling and to Tai



MAP 25 — POST-WAR RECLAMATION IN HONGKONG



MAP 26 — POST-WAR RECLAMATION IN KOWLOON

Po respectively. Another road from Tai Po, along the northern shore of Tolo Channel, to Shun Wan is nearly completed and will open up that area.

On Lan Tao a road is now under construction from Silver Mine Bay and will eventually reach Shek Pik, the site of the contemplated new reservoir. This is the first road work to be undertaken on Lan Tao.

An engineering feat of some magnificence is the military road, known as Twisk, from the camp at Shek Kong. This climbs the western flanks of Tai Mo Shan, crosses the col and descends to Tsun Wan.

(iii) Water Needs.

The very rapid rise in population and equally rapid development of light industry together strained the existing water resources to the uttermost and necessitated the severest rationing in 1956. Supply was restricted to a mere 2½ hours on alternate days. With the opening in 1957 of the big reservoir at Tai Lam with its filter plant of 40 million gallons per day capacity at Tsun Wan, this situation has been eased but it is recognised that this is only a temporary respite. A new and equally large reservoir is envisaged at Shek Pik on Lan Tao. A survey of the dam site has already been completed.

(iv) Land Reclamation.

On Hongkong Island three major works of land reclamation have been carried out since the war. At Causeway Bay the old typhoon harbour was almost completely filled and a new one constructed seaward. Kellet Island, housing the Hongkong Yacht Club, lost its island status. The work was completed in 1953, reclaiming 57 acres, which are devoted entirely to playing fields and recreational activities.

A further 7 acres have been reclaimed in the central area opposite Statue Square, immediately west of the Naval Dockyard. The area reclaimed has engulfed the old Queen's Pier; a new one of the same name and a new Star Ferry Pier have been erected on the new sea frontage. This reclamation is merely the beginning of a large scheme, which plans the forma-

tion of new ground of similar width to extend as far west as Possession Point.

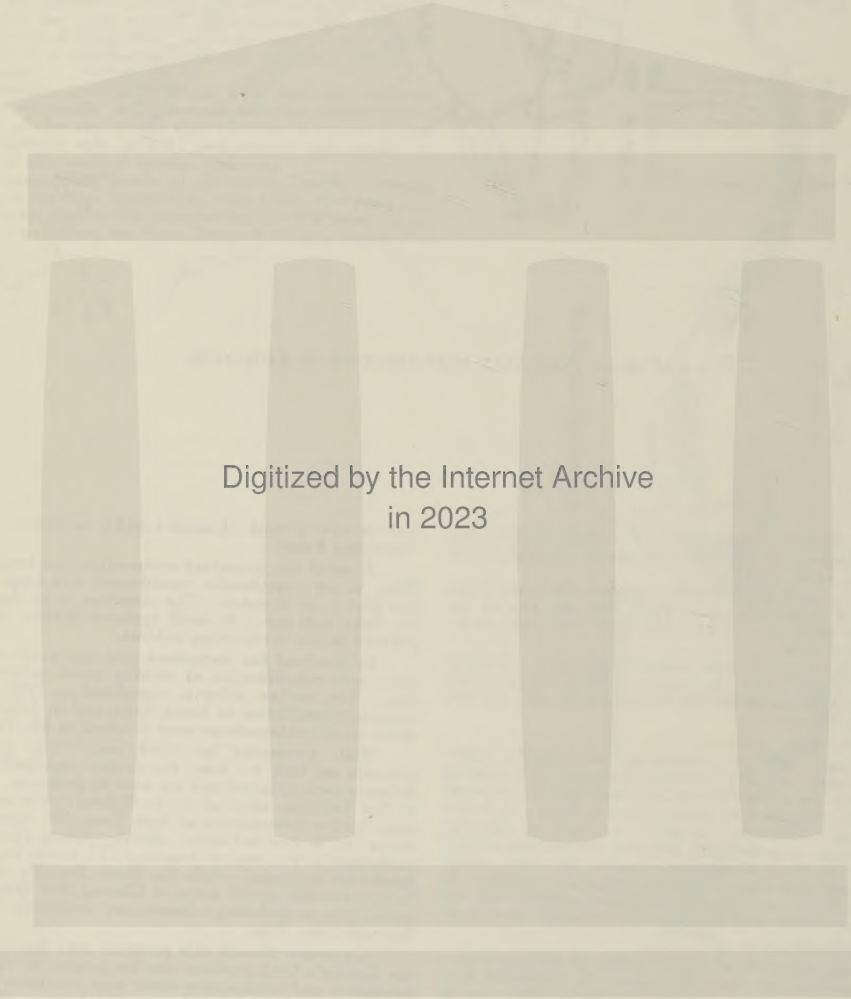
A small but important reclamation has been made at Chai Wan, where considerable resettlement has been carried out in the past 6 or 7 years. The intention is to develop this land for light industry. A small typhoon shelter has been incorporated in the reclamation scheme.

In Kowloon the immediate post-war years were concerned more with rehabilitation of existing areas rather than reclamation. The earliest scheme, completed in 1952, was the Shell company installation at Kung Tong and in following years two other small reclamations were finished at Ma Tau Kok.

With prosperity in 1949 and 1950 and tremendous pressure on land use from the swollen population several large schemes were planned and are now in progress. The extension of Kai Tak was essential to the Colony's role as a communications centre: reclamation at Kun Tong (89 acres) is providing scope for a new industrial suburb. Hung Hom bay is being reclaimed in two stages, totalling 111 acres, for industrial and residential purposes, while the Sham Shui Po reclamations are being extended by 67 acres at Cheung Sha Wan. Outside the urban area considering schemes are underway at Gin Drinkers Bay and Tsun Wan.

Impressive though this program may be, the magnitude of the Colony's land problem can be gauged by the fact that site formation and reclamation must now continue, at least at the present rate during the foreseeable future. Even this effort will be mainly developed to accommodate the natural growth of population and only partly to alleviate the overcrowded conditions existing in most of the urban area.

Reclamation has been one of the main methods in the past to meet the needs of new land, but most of the readily reclaimed land in the harbour region has already been secured or is in progress of reclamation. It seems inevitable that other large scale schemes will have to be undertaken probably outside the present urban area.



Digitized by the Internet Archive
in 2023

The Fuji Heavy Industries, Ltd., one of the off-shoots of the former Nakajima Aircraft Co., Ltd. (a one-time leading aircraft builder in prewar Japan), which has for some time past been undertaking the trial manufacture of a 4-wheeled midjet passenger car with a total cylinder displacement of 360 cc., completed in March 1958 the manufacture of "Subaru 360" model 4-seater passenger car with a maximum speed of 83 km., which will be put on the market in May 1958. The Toyota Motor Co., Ltd., the foremost automobile maker in Japan, and the Mitsubishi Heavy-Industries, Reorganized, Ltd. are expected to follow suit, producing and selling similar small-sized passenger cars. Such a trend of production of this type of automobile is being watched with close attention by the Japanese automobile makers at a time when the domestic demand for automobiles remains slack under the impact of tight money measures adopted in May 1957.

Since the Japanese automobile industry of the prewar period had developed chiefly around munitions demand and also since the reinforcement of transportation facilities was taken up as the primary step toward the postwar rehabilitation of the Japanese economy, it was only natural that the production of motor-trucks formed the center of the activities of the Japanese automobile makers. Subsequently, the industry achieved relatively satisfactory development. After pulling through the depression in some way or other following the enforcement of the Dodge retrenchment program, the industry saw its business operations expand phenomenally after 1951, riding on the waves of the Korean war boom. In 1955 the industry registered an added value of ¥64 billion (\$177.8 million) (17% of the total for the entire machinery industries) and the value of its shipments amounted to ¥191.6 billion (\$532.2 million) (20% of the total for the entire machinery industries). With such outstanding records, the automobile industry has developed into the No. 1 industry among all Japanese machinery industries. Moreover, thanks to the unprecedented boom after 1956, the automobiles produced in 1957, despite the stagnancy in production at the mid-year, numbered around 180,000, 64% over the preceding year and a 4.7-fold increase over the 38,000-unit level reported for 1951 (see Table I). Among the various types of automobiles produced, the percentage of passenger cars gradually gained increasing weight (26% in 1957). With a rise in the percentage of concentration of production in the hands of the Toyota Motor Co., Ltd. and Nissan Motor Co., Ltd., two largest automobile makers (76.2% for the two makers in 1957), the defects of "production of many types of automobiles by numerous makers" have been virtually wiped out. This phenomenon is worth noting as an indication that the Japanese automobile industry has finally come out of the cradle and entered a stage of development. On the other hand, exports of automobiles increased substantially to 6,592 units in 1957, with their destinations extending to many countries throughout the world. The export ratio reached 10% in the case of standard-sized automobiles, which percentage was far below that of the United Kingdom (47.6% in 1957) and West Germany (48.2% in 1957).

may be said that the amount of capital investments is still rather too small for the scale of production. Since a large quantity of wartime expanded equipment had remained and also since converted aircraft builders had entered this field, the industry was somewhat over-equipped during the early postwar years, so that the makers were able to meet a rapid increase in production with a relatively small quantity of equipment investments. Under the circumstances, equipment investments were made principally for the purpose of replacing superannuated machinery and supplementing machinery which had constituted a bottleneck in production. Analysis of machinery as of the end of 1956 showed that, though there was an increase in new machinery of less than five years in operation, there still remained a considerable quantity of superannuated machinery of more than ten years in operation. Attempts to carry out substantial equipment investments in order to establish a full-scale mass-production structure after 1957 were hindered by a decline in the domestic demand for automobiles resulting from the adoption in May 1957 of tight money measures as well as an increase in working capital requirements brought about by the relaxation of sales terms rendered it difficult for all makers to raise funds, with the result that some of the projected equipment investments had to be deferred. In consequence, equipment investments by the industry are estimated at ¥13.7 billion (\$38 million for 1957) (1.7 times the ¥8 billion for 1956) and ¥12.5 billion (\$35 million) for 1958. Depending on the makers' fund raising capacity, it appears likely that such equipment investments will further widen the existing disparity between the large makers and small makers. Furthermore, since equipment investments will naturally result in an increase in production capacity and since, on the other hand, the domestic demand for automobiles in 1958 will level off at the 1957 level at best, it seems that rivalry among makers in the sale of chiefly small-sized automobiles will become stiffer than ever.

At any rate, the Japanese automobile industry that has grown at a rapid pace in the postwar years appears to have reached a turning point on its way to development. There is a limit, after all, to the dependence of the industry on the domestic demand alone for its further development. It is absolutely necessary for the industry to promote exports, particularly exports of passenger cars, but regrettably enough, all types of Japanese automobiles other than diesel vehicles, jeep-type vehicles and specially-equipped vehicles have poor international competitive power because of comparatively high cost. Hence, it will be a matter of importance for the Japanese automobile industry to effect a further modernization of equipment and an intensive use of equipment through the full enforcement of a two-shift system in order to reduce the cost of production. Along with the adoption of the above measures, it will be essential, of course, for the industry to strive for a further expansion of the domestic demand. For this purpose it will be necessary as an immediate step to consolidate the distributive structure by developing the used car market and as a long-range step to popularize people's cars priced so low as to be within the reach of the masses. This is considered to be a vital issue which the Japanese automobile industry must tackle.

TABLE I
OUTPUTS AND EXPORTS OF AUTOMOBILES IN JAPAN
CALENDAR 1951 AND 1957
(In units)

Calendar year	Standard-sized automobiles			Small-sized 4 wheeled automobiles			Total				
	Output	Exports	Export ratio	Output	Exports	Export ratio	Output (A)	Of which passenger cars (B)	B/A	Exports	Export ratio
		(6,079)	%		(14)	%			%	(6,093)	%
1951	26,594	534	2.0	11,780	106	0.9	38,374	4,245	11.1	640	1.7
		(3)			(3)					(3)	
1957	54,357	5,456	10.0	127,477	1,085	0.9	181,834	47,130	25.9	6,589	3.6
1957/1951	204.4 %	1,021.7 %	—	1,082.1 %	1,023.6 %	—	473.8 %	1,110.2 %	—	1,029.5 %	—

Note: Figures enclosed in parentheses represent special procurements, which are not included in the unenclosed export figures.
Source: "Automobile Industry Monthly Bulletin" published by the Japan Automobile Industry Association.

Low-priced People's Cars

These cars, as the words signify, are low-priced so that they can be owned by individuals as private cars and are within the reach of the masses. In Japan where the national income is at a low level, such cars should naturally be ultra small-sized cars. The concept of low-priced passenger cars was entertained by thinking people for a long time on the ground that the popularization of such ultra small-sized passenger cars would be necessary for the future development of the Japanese automobile industry. An outline of this concept was made gradually clear when the concept of low-priced passenger cars entertained by the Ministry of International Trade and Industry was announced, though unofficially, in the spring of 1955. The draft plan of the Ministry of International Trade and Industry for low-priced passenger cars provided: (1) cars should be low-priced (consumer price \$694, free of commodity tax), (2) cars should be solidly built (they should not require major repairs until they have run 100,000 km.), (3) cars should need no change in the model design for a long time, (4) car maintenance expense should be small, (5) cars should be exportable, and (6) cars should meet the following requirements: (a) maximum speed of 100 km/hour; (b) vehicle weight of 400 kg. or under; (c) total cylinder displacement of 350-500 cc.; and (d) four-seater cars.

With respect to this draft plan, Japanese automobile makers at that time seemed to have held the view that, since it would be technically difficult under the then existing situation to manufacture cars according to such a standard, the existing types of cars should be mass-produced in order to achieve price reduction and that used cars of existing types should be popularized among the masses. Later in September 1956, the Toyota Motor Co., Ltd. announced the trial manufacture of ultra small-sized passenger cars with the following specifications: 4-seater, total cylinder displacement of 698 cc. and maximum speed of 80 km/hour. Following closely on the heels of the company, the Komatsu Mfg. Co., Ltd., Nippon Motor Co., Fuji Precision Industry Co., Ltd., Fuji Heavy Industries, Ltd. and Mitsubishi Heavy Industries, Reorganized, Ltd. made public their respective studies of new types of cars, thereby openly launching into the production of low-priced people's cars.

Of all makers, the Fuji Heavy Industries, Ltd. was the first to complete the trial manufacture of such a car, which is scheduled to be put on the market by May 1958. In succession to its first trial car, the Toyota Motor Co., Ltd. has manufactured for trial ten different types of cars, which are now on a test run, and is expected to announce its completed trial cars by the fall of 1958. The sales prices of these cars appear to be around ¥400,000 (\$1,100). The Fuji Precision Industry Co., Ltd. is reported to have completed three different types of trial cars, which are now on a test run, with the following respective total cylinder displacements: (1) 350 cc. (\$694), (2) 500 cc. (\$972) and (3) 700 cc. (\$1,194).

Now, there are two ways being followed in the manufacture of these low-priced people's cars.

One is to manufacture a small-sized pattern of the existing types of cars, just like those being made by the Toyota Motor Co., Ltd. This is based on the following grounds: (1) in view of the existing road condition in Japan, it is technically necessary to manufacture cars with a total cylinder displacement of 600 cc. or over, and (2) a total cylinder displacement of 600 cc. or over is necessary for making cars exportable.

The other is to turn out passenger cars which are one class above motor-scooters, so that the price may be reduced drastically, though it may be unavoidable that such cars will be inferior in point of performance, appearance and comfort of ride to some extent to the existing small-sized passenger cars. This view is held by the Fuji Heavy Industries, Ltd., Mitsubishi Heavy Industries, Reorganized, Ltd., etc. and is based on the speculation that at present and in the near future the purchase of low-priced people's cars will be made by the present owners of two-wheeled vehicles, who will shift to their use and by business proprietors rather than by wage earners.

As to which of these two ways will bring about the expansion of the sale of low-priced people's cars, this will depend on the performance, appearance and comfort of ride, particularly the price, of cars to be actually produced. Though the expansion of the demand for ultra small-sized cars can be fully expected in Japan where there are many narrow roads, mass-production is necessary for realizing a price reduction. In this sense, the fact that many makers are at present planning the production of low-priced people's cars poses a big problem in achieving such mass-production.

Trend of Production of Small-Sized Cars in West Germany

The output of passenger cars with a total cylinder displacement of 500 cc. or under was 7,000-odd units in 1952, accounting for only 2.5% of the total output. This was upped in 1956 to 85,000 units, a 10% increase over 1952. It is reported that in a few years the output of ultra small-sized passenger cars in West Germany may reach one-third of the total output of passenger cars.

What is the sort of ultra small-sized cars which has made such a rapid advance, and what are the reasons therefor?

According to the September 4, 1956 issue of the "Auto-car", these ultra small-sized cars are not "simple-model" design cars within the reach of the masses of low income brackets, but passenger cars bearing comparison with the past 800-1,200 cc. cars in point of performance, transport capacity, safety and comfort of ride, with improvements in economy of fuel and maintenance costs. The principal general specifications of these cars are shown in Table II.

In addition to the excellent performance and economic features of these ultra small-sized cars, the following factors may be cited as having been responsible for the increase in their demand: (1) there was stiffening competition among medium-sized cars with a total cylinder displacement of 1,000-1,700 cc.; and (2) a part of the demand by users of two-wheeled vehicles was switched to ultra small-sized cars. The latter phenomenon is discernible from the fact that the output of two-wheeled vehicles in West Germany, since hitting the peak of 404,000 units in 1953, turned to a decrease, falling to 231,000 units in 1956.

It may be easily understood that, generally speaking, this switch in the demand from two-wheeled vehicles to ultra small-sized cars will be accelerated by an increase in the national income (precisely speaking, per capita disposable income) and an advance of motorization.

Demand for Low-priced People's Cars in Japan

As is clear from the general specifications of ultra small-sized cars in West Germany, even the largest cylinder displacement does not exceed 500 cc. This seems to be due in part to the incomparable superiority of the road condition there to

TABLE II
GENERAL SPECIFICATIONS OF ULTRA SMALL-SIZED CARS

Make & Model	Engine			Measurements						
	Type	No. of cylinders	No. of cycles	Cylinder displacement cc	HP	Overall length mm	Overall width mm	Overall height mm	Weight kg	Fuel consumption km/h
West Germany										
BWM-Isetta 300	1	4	295	13	2,285	1,380	1,340	350	85	5.5
Goggomobil T 300	2	2	293	15	2,900	1,280	1,310	390	90	6.5
Maico 500	2	2	452	18	3,420	1,490	1,395	585	95	6.0
Spatz	1	2	191	10	3,400	1,450	1,150	320	75	5.0
Zundapp-Janus	2	2	248	14	2,860	1,400	1,380	400	85	5.5
Japan										
"Subaru 360"	2	2	356	16	2,990	1,300	1,380	385	83	3.8
For reference										
"Renault 4CV"	4	4	748	21	3,845	1,435	1,440	635	100	5.0

Source: "Overseas Automobile News, Issue 31, 1957" published by the Japan Automobile Industry Association.

Economic Letter from Tokyo

Economic White Paper for Fiscal 1958: The Economic Planning Board's 12th economic white paper just published largely deals with the analysis of our economy after the stringent monetary policy was taken in fiscal 1957. It stresses among other things that the trade cycle has made itself felt apparently again. The rapid post-war economic growth supported by the reconstruction demand and the technical innovation has almost reached the peak, it says and points out such possibility that, though falling into a serious depression might be averted, quite a long time may be required for business to recover from the present recession. In order to cope with this difficult situation, steps should be taken for the promotion of exports first of all, but also for increasing domestic demands and proceeding with the consolidation of our economic foundation such as improvement of public industrial equipment, raising the income of those in low-income strata or replacement of obsolete plant equipment, etc. Should these measures be put into effect in right time, the current fiscal year might prove to be a "year of commencement" for taking a big step for national expansion based on a new capitalism, it concludes.

Business Outlook: The Economic Planning Board made public its business survey for July-December this year, an investigation as to the business managers' views on the future of our economy. It is based on inquiries made of 752 corporate

enterprises of the country having a capital of more than ¥100 million each as to (1) their outlook of the general economic situation both at home and abroad as well as the domestic production, prices, foreign trade and stock prices, and (2) their anticipated sales, net profits, prices of raw materials for manufactures, bottleneck on business operation, etc. with respect to their own particular industrial group or enterprise. Whereas in the previous survey the majority of businessmen expected the business recession to touch the bottom in April-September period this year and to turn for the better in the next half-yearly period, in the latest survey they look for a continuance of much the same conditions as in January-June in July-December period, that is, any business upturn cannot be expected until the next year. It is to be noted that the bottleneck on business operation has changed from securing funds to getting the market, reflecting the changed economic situation.

Industrial Production: According to the announcement of the Ministry of International Trade and Industry, our mining and industrial production during the first-half of this year was 2.2% less than in the corresponding period last year. It is for the first time in post-war years that the production level ever dropped below that in the same period in the previous year. Inventories have shown a declining or levelling off trend since about last February, but there is a fear that they might increase again if the shipments of goods decrease noticeably. The adjustment of production will take quite a long time yet, while any increase in demand can hardly be expected, the Ministry says.

Foreign Exchange Receipts and Payments: Our foreign exchange accounts for June, as made public by the Bank of Japan and the Finance Ministry, resulted in receipts of \$276 million and payments of \$256 million and a surplus balance of \$20 million, a decrease of \$23 million, \$6 million, and \$7 million, respectively, compared with May. If the deferred payments be adjusted, the real surplus balance will amount to \$14 million. Taking the merchandise trade on the basis of foreign exchange accounts alone, however, the surplus balance will be \$2 million only (\$22 million in May), because of a notable falling off in export, the export amounting to \$206 million and import \$204 million (a decrease of \$32 million and \$12 million, respectively, compared with May). Should deferred payments be taken into account, the real trade balance would be \$4 million against us.

National Income: According to the estimates made by the Economic Planning Board, our national income for 1957 totalled ¥8,251,600 million, which is a gain of 12% from the previous year. Should the price rise be taken into account, the real gain comes to 9%. The percentage rise in 1956 having been 10%, it may be said our national economy has made a remarkable growth for three consecutive years. If 1957 be divided into 2 half-yearly periods, the percentage rise considerably slackens in the latter half as compared with the first half-year.

Recent Trends: Over a year has elapsed since the tight money initiation in May of last year, and the balance of payments has seen continuous surplus from last fall, prices have dipped to quite an extent, production adjustment has progressed in regular order and business investment attitude has finally become more cautious. Therefore, it is believed that the economic readjustment process under the tight money policy has entered the so-called winding up stage. In response to this advance in the economic readjustment process, monetary conditions have recently tended to recover stability and calmness from the once tight trend. Reflecting the above situation, the Bank of Japan cut its official rates by 0.730% (excluding export advance bills) on June 17th, effective from the following day. The cut signifies a necessary step in the financial normalization process, and does not imply active monetary ease.

Although the emergency situation appears to have passed for the time being, numerous problems still lie in the path of the national economy, which rule out any easy attitudes. For, world economic trends do not seem to indicate any signs of turning-for-the-better, and world trade shows shrinking aspects. In this connection, careful consideration must be given to fears of dipping exports by Japan. Moreover, adjustments in in-

that of Japan, but at any rate, in the light of experience in West Germany, we find that low-priced cars must fulfil the following requirements for the expansion of the demand for them: (1) cars must be economically excellent; that is to say, not cheap in price, but economically cheap to operate; (2) they are not inferior in performance to the current types of cars; (3) there is little difficulty in obtaining a driver's license (the importance of this requirement is well discernible from the fact that, with the abolition in 1953 of the driver's license system in West Germany, the number of "mopeds" has phenomenally increased since 1954); and (4) they must be mass-produced; in this conjunction, it has become manifest that it is necessary for large makers with sufficient sales power to undertake the manufacture of cars.

These facts suggest to us the requirements which low-priced people's cars should fulfil. Since the per capita national income of Japan is far below that of West Germany, the requirement of economic excellence of cars is particularly important. If account is taken of the fact that, as already stated, many of the ultra small-sized cars of West Germany have a total cylinder displacement of roughly 200-300 cc. and are priced at around ¥250,000 (\$694), it appears fairly difficult in respect of both price and economic nature to popularize low-priced people's cars with a total cylinder displacement of more than 600 cc., unless they are used cars.

With respect to performance, "Subaru 360" which has now been completed is judged to compare favorably with Renault 4 CV, not to speak of the ultra small-sized cars of West Germany, and it may be said to have fulfilled the requirements which ultra small-sized cars should have.

As for the restrictions placed on the granting of a driver's license, the current Japanese regulations permit the driving of cars with a total cylinder displacement of 360 cc. under a junior license issued to drivers of motor vehicles of the scooter class. Such a regulation will serve to promote the popularization of cars.

For the production of low-priced people's cars mass production is absolutely essential. The monthly output of cars by one maker in West Germany seems to be 4,000-5,000 units, and that of the Toyota Motor Co., Ltd. is estimated at 2,000 units.

In view of the above, it may be said most desirable that low-priced people's cars of Japan should fulfil the following requirements: (1) total cylinder displacement of 360 cc. or under, (2) mass production of at least 2,000 units per month, (3) price of ¥300,000 (\$833) at the highest, and (4) performance and comfort of ride which compare favorably with those of small-sized cars made in the past. Hence, if such cars are sold after 1958, the question arises as to what extent of demand for them can be expected.

OVERSEAS CHINESE IN AUSTRALIA

By T. F. Wu

(Manager, Bank of China, Sydney)

Since the very beginning when she first became a colony of the British Empire, Australia has always been known, even up to this day, as one of the most sparsely populated countries. And it was mainly due to her vastness, but shortage of labour, for development that first prompted the migration of Chinese to this country. Although it is not ascertainable from any official record when did the first Chinese set foot on Australian soil, it is believed that as far back as 1849, about 270 Chinese from Fukien province were working in the state of New South Wales. At first it was the wish of the early British settlers to get more working hands to help develop this vast country that brought a number of Chinese labourers over. With the discovery of gold in various states of Australia and the heralding of such news among various Chinese coastal cities by shipping companies then engaged in passenger traffic, many more came over on their own initiative for the gold digging adventure. The influx came to its peak towards the end of the 19th century. In Victoria, where the richest gold mines were located, the biggest number of Chinese was registered namely 25,000 and in New South Wales 13,000; many others scattered over various other territories in south, west and north. According to the official record appearing below, the peak record of Chinese immigrants was no more than 40,000. But according to some oldtimers, by their recollection and fanciful estimate, the highest number should be close to 100,000 before the turn of this century. There was neither uniform control nor comprehensive registration of immigration in the various states before the formation of the federation of states in 1901, each pursuing its own policy that might seem to fit its requirements.

Chinese Population in Australia *

Year	Total
1849	270
1854	2,341
1856	1,806
1857	25,424
1861	38,258
1871	25,046
1881	38,533
1891	35,821
1901	29,627
1911	22,753
1921	17,157
1933	10,846
1947	9,144
1954	10,227
1955	10,410
1956	10,774
1957	11,191

* Source: Commonwealth Bureau of Census & Statistics.

ventory are yet to be completed, and there still remains the big problem of meeting the strong excess production trend caused by over-investments. These represent stiff domestic-overseas demands on the Japanese economy. As foreign exchange reserves are not necessarily adequate, real recovery of the economy must await the increase in export. And hence, concerted efforts are necessary for steady consolidation of the economy together with its normalization. This road toward economic normalization coincides with that of financial normalization. The problem of financial normalization is none other than to devise the ways and means for preventing the repetition in the future of the excessive economic expansion such as experienced in recent years. Obviously this process can't be achieved at once. The only way is to proceed steadily step by step through consolidation of the economy, in consideration of actual conditions. The present is only the beginning.

As it is evident from the above, a great majority of Chinese nationals came over to Australia at that time as adventurers in gold mining. To a lesser extent, many were employed by either the states as agricultural or mining labourers or by the private miners and farmers. Nevertheless, a good number of them had already started as traders in the meantime, serving primarily their own community but gradually extending to Australian clients.

Many unpleasant incidents had unfortunately taken place between the Chinese and local labour forces in the mining industry, leading regrettably to the loss of many lives, especially among the Chinese. It would serve no useful purpose to try to recriminate as to ascertain the exact cause of the troubles. Mining is after all a rough-neck business and people engaged in it are inclined to be hot tempered. Difference in working philosophies, in ways of living and, above all, difficulties in language all seemed included to contribute to the building up of tensions. Anyway, the gold rush in Australia was rather short-lived and the natural catastrophe of long lasting draught that followed made this 'New Gold Mountain' look much less promising and inviting to the Chinese migrants. They had contributed their lot in helping develop this new land, not of course without the usual private profit making motive, and many started to retire to their mother land. Others simply did die or fade out in the natural way. In the meantime, one state after another in Australia started to exercise controls over Chinese and other non-European immigration, culminating in a uniform immigration control in 1901 when the federal government was formed. No matter what would be the closest figure of total Chinese nationals in Australia during that period, it is generally believed that decrease of Chinese nationals between the end of 19th and the beginning of 20th centuries was about 50%.

While the federal immigration control, commenced in 1901, stopped further Chinese immigrants, those who had entered the country and chose to remain were more or less given a free hand in choosing their own professions. Taking advantage of their heritage in farming, craftsmanship and, above all, industriousness, they started to pick up new trades, in order of importance, in market gardening, fruit marketing, furniture making, restaurateuring and catering, grocery selling, laundrying, fishing, etc. With their diligence, practically all of them soon made good headway in their respective trades. For instance, Chinese have played a predominant part in the supply and marketing of vegetables and fruits for many years in not only New South Wales and Victoria, two of the oldest and biggest states, but also in such far reaching territories as South Australia and Northern Territory. In furniture making industry, they also grew so fast that in the peak year there were as many as 500 such Chinese manufacturers in New South Wales and Victoria. Chinese restaurants have of course been always the monopoly of Chinese. Even in business as queer as herb medicine practitioners, many have thrived exceptionally well, and in such industry as pearl fishing in North Queensland and Western Australia, quite a few Chinese have been employed.

Similar to overseas Chinese enterprises in many 'foreign countries, businesses of Chinese nationals' in Australia, inspite of their pioneering and hard-working spirits, seem to be handicapped by firstly, lack of organization power, coupled probably with shortage of, or disinclination in raising, sufficient capital and, secondly, lack of continuation as a result of over emphasizing on family relationship. Facing the great mercantile prowess of the Anglo-Saxon people, overseas Chinese have lost their eminent position in many a trade. What they can hang on are limited to those they have traditional or hereditary monopolies, such as restaurants serving Chinese foods. Such misfortunes really form the core of problems that

² It is significant that the author uses the term "national" and not simply Chinese; the Chinese are of course Australian nationals though they are claimed by Chinese racialists as "Chinese nationals" (Ed.)

deserve the attention of any student in overseas Chinese livelihood and economy and, in Australia in particular, these difficulties were further accentuated by the great depression during 1920-30. It is therefore not surprising, but painful, to note that instead of about 500 furniture manufacturers in New South Wales and Victoria at the beginning of this century, there are hardly a few at the moment. One or two of them still manage to do well but are, strangely enough, backed, or rather absorbed, by powerful local financial syndicates. Another change which has yet to become evident enough on the surface but definitely warrants apprehension is in the fruit and vegetable marketing trade. With continuous immigration of people from southern Europe, their gradual participation in, and possibly taking over, the trades from overseas Chinese has become the worry of many a keen observer from China.

It is interesting to note that nearly all the prominent department stores in Shanghai used to be creations of overseas Chinese from Australia. In principle, it is a commendable and natural consequence that Chinese achieving success overseas should turn their attention to the investment in, and development of, their mother country. It would however be equally helpful if the same organizing and enterprising powers had been used in their business overseas by those who chose to remain.

The aspects of Australian immigration law vis-a-vis Chinese are not the subjects to be covered in this article. But those that have bearings on the overseas Chinese economy are worthwhile to be mentioned. In short and in practice, Chinese

immigrants are not permitted. But genuine tradesmen with the approval of the immigration authority can be exempted from the immigration law for certain duration of stay to engage in trades that have been agreed upon, at the moment for import and export, especially export, only. As to those who have remained in Australia since the introduction of the federal immigration act, they have almost a free hand in engaging in the trades they have chosen and, in addition, have the right of bringing in one or two assistants to their business provided they fulfil certain quota of their business volume. With their businesses recognized and privileges in dealing the businesses granted, while new comers strictly limited, it is therefore essential that they should strive to maintain their existing businesses in continuous developments and improvements. For the fall of one would almost invariably mean one short without replacement. Australia being one of the most democratic new countries and her people generally one of the most open-minded, overseas Chinese with anything to offer in business are assured of survival and even prosperity in the progress of free competition.

There are unfortunately no official statistical records yet of Chinese business in Australia. The following are those in the state of Queensland which may serve as a sample of distribution of overseas Chinese businesses in the whole of Australia.

Overseas Chinese Trades in Queensland: Cafes, 33; General stores, 163; Farmers, 39; Laundry, 1; Radio shops, 7; Fish shops, 2; Dress makers, 3; Milk bars, 6; Garages, 5; Importers, 3; Doctor, 1; Herbalist, 1; Contractor, 1; Butchers, 3; Cordial manufacturer, 1; Carrier, 1; Grassier, 1; Stone-mason, 1; Furniture maker, 1; Fruit runs, 5.

Taiwan on the Road to Progress

Coming to this verdant island one is at times struck by the plenitude and reconstruction at every turn. From Taipei to the south, vast areas of rice-fields border the island's asphalt-paved arterial highway. Heavy heads of golden grains bend low before harvest-time, rising and falling as the wind sweeps by. In central and southern Taiwan, the paddy fields give way to endless stretches of sugarcane. And in the south, a forest of smoke-stacks indicate the island's industrial center.

On the precipitous eastern coast, arduous work is going on to link up the last gap of the round-the-island highway network, aiming at building up the under-developed eastern side of Taiwan. Across the rugged, treacherous Central Range, thousands of retired war veterans are hewing out an East-West cross-island highway as an over-land link between the Taiwan Straits and the Pacific.

These and other reconstruction projects bespeak the intensive efforts of the people on this island to push economic development in the face of the challenge of an ever-expanding population. And these projects have borne fruit in the last few years. Despite a high birth rate, the per capita income on Taiwan is steadily rising. It is now the fourth highest in Asia. Annual cash income officially given as US\$94, is next only to Japan, the Philippines, and Ceylon. The standard of living, due to lower cost, is the second highest in Asia, next only to Japan.

Life in Taiwan, particularly among the farm folk who form half of the island's ten million, is bounteous and happy. The standard of living is high. Electricity, running water, radios, sewing machines and other modern amenities, unknown to Chinese farmers in mainland days, now furnish many a farmstead in Taiwan. An unknown number of bicycles are shuttling back and forth on the island's network of highways and city streets. The CAT carriers on regular Taiwan-Penghu (Pescadores) routes are crowded with farmers, fishermen and their families. Only a few years ago, air travelling was a luxury undreamt of by common folk.

The better livelihood of the farming population is largely the result of a bold rural land reform launched by the Chinese Government in 1950 to reduce rents and help tenants own the land they till. The government fulfilled the dream of Dr. Sun Yat-sen of selling former Japanese lands to the tenants and then limiting farmland to the landlords and selling their surplus to landless tillers at low prices. Landlords were paid partly in cash, partly in share in industry. In three easy stages, the

government on Taiwan solved a perennial problem of China, elevating the status of under-privileged tenants to land-owning, independent farmers.

This gives farmers the incentive to utilize in full every inch of their own land through extensive application of fertilizers, which has contributed to bumper crops year after year. The island is now producing 1,900,000 tons of rice. This means, in addition to feeding the growing population, it is now able to export 200,000 metric tons of rice. During rural festivals, sumptuous food and mellow wine fill the tables of farmers.

As an island of limited natural resources, Taiwan largely depends on outside supplies and raw materials for its industries. Foreign dollars to cover the imports chiefly come from the sales of Taiwan sugar on the world market. Sugar output is expected to hit an all-time high of 920,000 metric tons for the current year. Some 750,000 tons or more will be sold abroad.

In the vast sugarcane fields in central and southern Taiwan, farmers ride to work on American tractors. Chinese scientists, working in laboratories, have discovered four new varieties of sugarcane to reduce the growing time as much as one-third. These discoveries have made it possible to reap sugarcane harvest once a year, instead of every 18 months. "Refined sugar" produced in Taiwan is rated among the best brands of the world.

With Chinese government encouragement and with American aid, more factories and plants are springing up across the island, turning out a host of consumer goods formerly not produced on Taiwan. Many of the island's light industries, notably artificial fibers, bicycles, sewing machines, electric fans, and textiles, can stand up in competition with foreign makes, both in quality and in price.

The growth of Taiwan's industries is a saga fully betokening the determination and resourcefulness of the Chinese. But the loss of the mainland confronted the island with a challenge. Hundreds of thousands of Chinese refugees fled Communist rule to breathe the air of freedom on Taiwan. These refugees had to start life all over again. At the same time, a run-away inflation on the eve of the mainland debacle sapped the national treasury and caused fast depreciation of the Chinese currency. It was a serious crisis.

The Chinese government took firm steps to arrest currency depreciation on Taiwan by a bold currency reform. Later, American economic aid began to flow in. Since then, United

States aid has supplemented Chinese efforts to increase production and push the island toward eventual self-sufficiency. For the last several years, the economic aid aggregated US\$90,000,000 a year. The United States government has established a Mutual Security Mission of the International Co-operation Administration to plan and advise on the use of American aid dollars.

Backed by this ICA program, the Chinese authorities launched their first four-year economic project in 1953. The four-year plan was largely a success, and by the time it was completed in 1956, the total national income on Taiwan had jumped 40%; per capita income increased by 21.3%.

Closely following the first four-year plan, the government started the second four-year program in 1957. When the second project is completed by 1960, the planners estimate that the average man can expect to earn 33.3% more than he did in 1956.

Indicative of the industrial growth on the island is the electric power output. During the Japanese occupation, the peak power generation stood at 177,000 kw in 1944. The power output nose-dived to 33,000 kw by the end of the war, but as reconstruction and expansion developed, it gradually picked up the lost capacity, and by 1957 attained an all-time high of nearly 200,000 kw. There is a five-year power development plan to further step up the power capacity to 950,000 kw by 1960.

Power development depends on the construction of more and bigger dams and reservoirs. Some dams are multi-purpose, generating power and irrigating farmland. The biggest of all is the Shihmen Reservoir project, 20 miles south of Taipei, where preparatory work is underway. This reservoir alone will add 120,000 kw of power supply to Taiwan's electricity system and turn 56,000 hectares of dry land into green paddy fields.

Equally impressive is the nation's effort at industrialization. Symbolic of the joint Sino-American endeavors to make this a land of prosperity and self-sufficiency is the urea fertilizer plant on the outskirts of Taipei. The plant, built with Ameri-

can aid, is second in size only to those in the United States and West Germany. It will go a long way to make Taiwan self-sufficient in the vital supply of chemical fertilizers when it starts full operation in July of this year.

Also situated outside Taipei is Free China's only automobile plant, the Yue Loong Engineering Corporation. Under technical cooperation with well-known vehicle factories in the United States and Japan, Yue Loong is now turning out sedans, jeeps, medium trucks and buses for domestic use. This automobile plant is completely manned by Chinese.

About 60 miles south of Taipei, a group of textile magnates are operating the Far East's only artificial fiber plant outside Japan. The China Artificial Fiber Corporation, established with private Chinese and American capital, is producing artificial silk fibre technically known as rayon filament for both home consumption and export. Right now the plant is expanding its facilities to make staple fiber, a kind of artificial cotton, and woolly rayon.

Another example of Sino-American cooperation to develop Taiwan's industry is found in the Ingalls-Taiwan Shipbuilding and Drydock Corporation. The Ingalls-Taiwan has leased the government-owned Keelung dockyard, formerly capable of building ships up to 350 tons, and will produce two super-tankers of 36,000 tons each.

Half-way through the second four-year development project, Taiwan's economy underwent a radical change. Chinese economic experts declared last April that Taiwan's future development lies in free trade and a free economy. Control measures will be relegated to the historical scrap-heap. While the pace of heavy industrial development is slowed down, priority of future development will be accorded to light industries which promise early profit through exports.

From all indications, Taiwan is on the march to a higher degree of economic prosperity. Already, economic development projects in the last decade have borne tangible results, for the people on this island are better fed, better clothed and better housed than in most regions of Asia.

DEVELOPMENTS IN SINGAPORE

The passing of the "State of Singapore Bill" through the House of Commons brought a warm response to the atmosphere in which it was passed. The Nanyang Siang Pau described British action as "exemplary" and commented "This development is by peaceful evolution and is typical of the British way of assisting her Colonies to gain self-government and independence by gradual transfer of political powers." The Nanyang Evening Post described as admirable the passing of the bill without dissension and made the right comment that the Bill was only "a plan on paper. It is up to the people of Singapore to turn this plan into reality."

The Chief Minister made a short statement on the agreement at the Assembly Meeting claiming that the delegation had done a good job and attributing this success to their unity. He concluded with the warning "subversive forces will definitely make every effort to capture what we brought back from London. If they succeed it will, indeed, be a day for sorrow for all of us. But subversive forces can never succeed if the loyal citizens of Singapore unite and fight the enemy."

Meanwhile on questions in the U.K. and Federation of Malaya Parliaments, questions were asked on the Federation's role in the Internal Security Council. During his visit to Singapore, the Federation Prime Minister said the Federation would take part in the Internal Security Council for "the security of Singapore is of first-class importance to the Federation." But he drew a distinction between the Federation's responsibility under the Anglo-Malayan Mutual Defence Agreement to come to the military assistance of Singapore against "foreign aggression," and the responsibility of a good neighbour as a member of the Internal Security Council. In the second case, he saw the Federation's role as one of smoothing out internal differences of opinion, rather than of sending forces actively to maintain law and order.

Kallang Bye-Election

The Kallang bye-election for the City Council has been won by the PAP with a 713 majority in a 58% poll, higher than any poll in the main City election last December. They won 4,279 of the votes, or 51% of those cast, as against 3,566 votes cast for the Labour Front. The Workers Party with 304 votes and the Independent with 74 votes catastrophically lost their deposits. As the effective numbers on the register was agreed by all parties to be in the region of 11,000, polling was in the region of 75%.

Everything conspired to focus attention in this Bye-election. The PAP did not contest it in the main election and it was won by the new-born Workers Party on a minority vote. The sitting member who was to the Left of the Party resigned in June and the PAP decided to contest it to replace the Workers Party, warning the Labour Front to stand down. The Labour Front did not stand down, feeling it had the right to the reversion of the seat. The Liberal Socialist Party then offered to withdraw their candidate, if the proposed United Socialist Front which appears to have been discussed among the members of the Constitutional Mission, were brought into being. This offer was accepted by the Labour Front but it broke the unity of the constitutional mission and led to recriminations during the election campaign. The Chief Minister said that Lee Kuan Yew had welcomed the idea of a United Front while in London, but had his reservations on timing: while Mr. Lee Kuan Yew denied any such agreement, claiming he had only proposed to the Labour Front and UMNO co-operation against the Liberal Socialists and the Workers Party.

With these personalities and issues, the election became not only a City Council contest, but a test of support for Mr. Lim Yew Hock and the idea (for no programme had been announced) of the United Socialist Front. Meetings were large and well attended. While the Ministers had held off from the December elections, they campaigned actively in this bye-election and the Liberal Socialist organisation supported them. While the PAP Assemblymen and the PAP City Councillors were energetically involved during the campaign it was announced

that K. M. Byrne and Dr. Goh Keng Swee, two senior Government Officers were resigning from the Civil Service, under a new provision, to fight the Assembly elections for the PAP. The PAP kept their City Council record to the fore and fought for an endorsement of their policy and practice. Another cross-current arose from the fact that the PAP candidate was a Malay and ex-member of UMNO, while Che Abdul Hamid, the Dy. Chief Minister and leader of the UMNO, attacked him from the Labour Front platform. And finally there was the question of whether the PAP Left-wing seceders who had gone into the Workers Party, would vote for the PAP or for the Workers Front candidate for whom Marshall was vigorously campaigning, hammer in hand.

The campaign was orderly without Secret Society violence or clashes between party supporters. But three days before the election, there was a scuffle outside the Labour Front headquarters for which the Labour Front and PAP blamed each other. During the month the Assembly had debated and defeated a motion by Lee Kuan Yew criticising the method followed by the Elias Commission on Corrupt Practices in elections, and the Government had published its bill amending the Local Government Election Ordinance in time for the District Council elections, and adopting all the chief recommendations of the Elias Commission, except compulsory voting. These forbid canvassing on polling day, undue influence on those entering polling stations, participation by anyone under 21 years of age, or interruption of election meetings; and requires registration of all election workers with power to exclude known Secret Society members. These generally have the support of all parties and following the above incident, the parties met, on Marshall's invitation, at the office of the Nanyang Siang Pau and agreed voluntarily to implement some of these provisions. They agreed there should be no canvassing within 100 yards of the entrance of a polling station that they would neither attempt to establish the identity of anyone entering a polling station, nor check his or her name on any list, nor place a desk for such checking. This agreement was well adhered to and except for a crowd at one stage, just outside the limit of one polling station, there was no tension. The party members worked efficiently in canvassing and arranging transport, and polling was heavy. As an exercise in the machinery of campaigning and polling, the bye-election was successful and showed that the techniques (and tricks) had been well learned in Singapore's 10 years of elections.

The lessons of the bye-election are clear. The extreme Left-Wing pro-Communist elements completely deserted the Workers Party to return to the PAP who with a smaller majority than they expected are clearly beholden to that group. They have succeeded in winning with an organisation predominantly of the Young Chinese Middle School group, and with a Malay candidate in a predominantly Chinese constituency. They claim endorsement of their City record, and Ong Eng Guan, the Mayor himself tirelessly worked for this result. But the divisions within the Party remain. On the other hand, the two parties which have been criticised as ineffective separately have put up a strong combined opposition and established that there is a strong moderate group as a basis for the United Socialist Front. But there are many difficulties of policy yet to be overcome. A group in the Labour Front is already attacking the new Front, while the principles and programmes have yet to be laid down to prove the honesty of the title. The effect of the bye-election in the City Council has yet to be seen. The PAP now have 14 Councillors out of 32, and, of the old divisions continue among their opponents, then their position will be stronger. But the Labour Front and Liberal Socialists will work more closely together under the United Socialist Front and it remains to be seen whether after the verbal altercation of the election, UMNO and Workers Party will vote as readily with the PAP. Already the Utusan Melayu, which has supported the PAP, is advising that politics should be kept out of the City Council which should see itself as a welfare body and not as a political fencing ground. The first meeting will illustrate any change of attitude.

Transfer of Royal Malayan Navy

During a month in which Singapore was concerned with different anticipations of the challenge of self-government, the ceremony of the transfer of the Royal Malayan Navy to the Federation set the future of Singapore in a Malayan setting. The Royal Malayan Navy, which now has 692 officers and men, was set up in 1948 as a result of an agreement with the Federation Government that Singapore would provide the Navy for the defence of the waters of both territories while the Federation should build its Army on the Malay Regiment. During the Emergency it has operated in coastal and riverine waters as part of the anti-Communist forces. But it has continued to be administered and financed by the Singapore Government and its spacious and extensive barracks have been within the Naval Base, always looking Federation-wards across the Causeway to Johore Bahru. With the achievement of independence by the Federation, this arrangement did not match the new mood: on the other hand, the cost of a new base in the Federation was difficult to find with all the many calls on the economy of the newly-independent State. After discussions between the two Governments, it was agreed that the Navy should be transferred to the Federation, but would remain in their present barracks for the present. From next year the full burden of the running costs will fall on the Federation budget.

Before the ceremony of transfer the Federation Prime Minister, with Dato Abdul Razak and Singapore's Chief Minister, went afloat to inspect the ships as they lay off the Johore shores of the Straits opposite the Naval Base. After the inspection, all the ships escorted the Prime Minister to the Jetty near the R.M.N. barracks. The formal parade took place on the parade ground and the large drill hall facing on to it. After the inspection of the Guard of Honour by the Governor, Sir William Goode, the first speech was made by the Commanding Officer, Commodore E. L. Norman R.N., who spoke of their pride in forming the first navy of the Federation, and their gratitude to Singapore which created it and nurtured it for 10 years and to the Royal Navy for providing the ships and training the men. The Governor, in his speech, recalled the service of the predecessors of the RMN, the MRNVR, on active service from 1939-42. He spoke of the close bonds of Singapore with the RMN, which would continue with pride and friendship into the future.

The C-in-C, Far East Station, Admiral Sir Gerald Gladstone said that the 10 vessels of the RMN were being presented to the RMN. Two more ships, Inshore Minesweepers, would be presented this year, and during the next two years, a further two inshore minesweepers and a large coastal minesweeper. This would in all form a gift of 21 million dollars. The RN would continue to second officers and Petty Officers to the RMN. Meanwhile 25 Malayan junior officers were in the U.K. on training. He referred to the great honour to the RN in the adoption by the RMN of the White Ensign with the Federation Flag in place of the Union Flag, "a gesture of continued friendship and unity of purpose of our Navies in the future."

The Chief Minister, Mr. Lim Yew Hock, said the RMN must indeed be royal for its transfer was from the Queen to the only other monarch of the Commonwealth. While in future the RMN would be "with us geographically but not politically", it was "a parting which strengthens our partnership, for they were not leaving for unfamiliar waters or unfamiliar tasks. They had 'symbolised our unity in the fight against aggressive and anti-Malayan Communism' and now 'exchanged one flag of freedom for another.'"

"That their going will change their tasks so little suggests how close we are together, that this is a family transaction, a transfer of one essential family service from the control of one brother of the Malayan family to another in recognition of its major interests.

"And if today we live in two separate houses in the Malayan compound, it is our wish that the two houses will soon be joined, and not only the Navy but the peoples and institutions of Singapore will be fully Malayan and Singapore will be part of the Royal Malayan Nation."

He paid tribute to the RMN and thanked the RN for the help: "We are, indeed, indebted to what we might call the Mother of Navies which serves the Mother of Parliaments but we are sure that this new navy will play its distinctive part in the Commonwealth Family of Navies." He concluded: "They carry to the Federation a message of brotherliness, a message of Merdeka; they carry not only our full-hearted wishes for their future progress, but our aspirations for the unity of the peoples of Malaya."

The Prime Minister of the Federation in the concluding speech said the transfer was necessary for it was "not fitting for a 'sovereign nation to continue having its Navy stationed in another territory, even though the territory belongs to our closest neighbour and friend."

To the Chief Minister's references to the future merger of the two territories, he said, "If the people of Singapore can show the same measure of loyalty to Malaya as is shown by the men of the Royal Malayan Navy, then I dare say the inclusion of Singapore in the Federation can be justly considered. This means that they must be ready to serve, ready to die if need be for Malaya, and Malaya alone." He then welcomed the RMN in these words: "You are now members of the world's newest and youngest Navy, but we in the Federation already regard you as experienced sailors on whom we can depend to build up our Naval strength and to imbue it with those traditions of discipline, duty and loyalty which are the foundation of a Navy."

He concluded with a message of welcome from the Yang di-Pertuan Agong as the Supreme Commander of the Armed Forces of the Federation.

After the series of speeches, the company of the RMN marched out to the parade ground. There the White Ensign with the Union Jack was lowered to the tune of "God Save the Queen", and the White Ensign with the Federation flag was hoisted to the tune of the Federation National Anthem "Negara Ku". The ceremony concluded with the first inspection of the Guard of Honour of the Federation Navy by the Tengku Haji Abdul Rahman. It was a forward-looking ceremony and an earnest of the closer association of the territories in the years ahead.

Housing

The Singapore Improvement Trust report for 1957, the last to be produced by Mr. J. M. Fraser, the retiring Chairman, describes its work since it was established in 1927 as a small Town Improvement Branch of the Municipality. Its first public housing scheme was begun in 1936 when the Tiong Bahru area was first opened up. By 1941, the Trust had built 2,049 houses and 54 shops, mainly in the Tiong Bahru and Balestier areas. Housing development began again in 1947 and by the end of 1957 a further 14,832 houses, 623 shops and 11 markets have been built on government loans of \$89.5 million out of \$140,637 million set aside.

The latest estate on the site of the former Kallang Airport was opened by the Minister for Local Government, Lands and Housing, Che Abdul Hamid bin Haji Jumat on July 23rd. The estate of 84 acres will house 21,000 people in 3,002 houses and 122 shops (including 30 for cottage industries) at a cost of \$21¼ million. Mr. Fraser at the opening ceremony recalled the swamps which he knew in the area 31 years previously, while the Minister recounted that the site of Kampong Kallang was occupied by Malays before Raffles arrived, and recalled a personal link that his father was one of those who planned the move of the Malays to Jalan Eunus and West Coast Road when the airport was built in 1936. Of the site Mr. Fraser said it was the only one in recent years which had been unencumbered with squatters, but it had been difficult because of the soil underneath which had required 73½ miles of friction piling at a cost of \$3½ million before the site was ready. The estate had cost \$1,000/- per person. The S.I.T. had 14,000 on its waiting list. To meet this demand and keep abreast of the expanding population would require 5,000 houses a year for the next 10 years. This was within the capacity of the S.I.T., but would require 100 acres and \$35 million a year. In his

concluding words on his last day in Singapore before retirement, he claimed that the accommodation provided was "by any standards, sanitary, healthy, and conducive to proper sound conditions and a respectable family life. Although essential amenities have been provided there is no extravagance and economy has been matched by structural durability. These buildings will last for a hundred years. I would ask you to consider whether Singapore has any better investment both socially and economically."

In his speech before opening the estate, the Minister said that when by the end of the year, the S.I.T. had built its 20,000th house, 140,000 or nearly 10% of the people would be living in S.I.T. houses, an achievement of which no other country in Asia could boast. The biggest handicap, slowing down progress had been the difficulty of clearing sites, but under the Resettlement Scheme nearly 2,000 families had been re-settled on some 7,000 acres and another 4,680 acres were now being planned for resettlement. Specially subsidised houses were being let at \$35/- per month, half the commercial rent. The two Malay settlements were being expanded and a third was being prepared. He concluded that the pride in the achievement would be an incentive "to build the better, happier and prouder Singapore we dream and plan for".

Mid-Year Financial Assessment

In the Legislative Assembly the Financial Secretary, Mr. T. M. Hart, made a statement on the current economic and financial position, with a recession in trade reflected in the fall in customs revenue and what he described as the "even more marked reluctance to pay income and company tax". Although these were signs of improvement the effects might last into 1959. The sources of government revenue were immediately affected by trends in trade, and as the major development plans were partly met from revenue, they were immediately affected by fall in revenue, and this coincided with an increased speed of development since the latter part of 1957. The Government had therefore decided to "freeze" all new appoint-

ments and special expenditure for re-examination and this had brought "considerable economies". The work in hand on development scheme in 1958 would cost \$70 million more than ever had been spent in any one year, and would complete the Government's plans for the past 3 years. "About \$24 million will be spent by the P.W.D. on capital works, including the Polytechnic. About \$22 million will be spent by the S.I.T. on public housing, \$5 million will be spent on the S.T.B. on telephone development, \$4 million on rural development, \$7 million on the purchase of sites for schools and resettlement of squatters and the balance on miscellaneous special development expenditure." Expenditure of this order by Government would go a very long way to offset the effects of the recession in the building and allied trades and in many other directions in 1958.

In 1959, there would be \$25 million to complete the 1958 schemes and another \$30 million would be required mainly for housing and rural development. Examination of these projects was therefore being made. The scheme which has brought most public attention is that of the new Airport Building which has been temporarily postponed to allow re-examination. But the Minister for Communications and Works has given the assurance that the new buildings will be ready in time to meet the increased jet-borne air traffic expected from across the Pacific in 1960.

New Nominated Minister of the Assembly

Following the resignation on retirement of Mr. G.A.P. Sutherland from his position as a Nominated Member of the Legislative Assembly, the Governor appointed Mr. J.M. (Tiny) Mason in his place. Malayan-born, his father, a former Governor of British North Borneo, and with all his commercial life in Malaya, his is a well-approved and popular selection. He served in the R.A.F. Volunteer Reserve and was a POW in Java from 1942-45. He has been Commandant of the Singapore Volunteer Special Constabulary since 1950, and he had previous legislative experience as a member of the Federal Legislative Council in 1951.

Hongkong's Problem of People

Reprinted from the Annual Report of Hongkong by special permission of Hongkong Government
Crown Copyright Reserved

Looking back over the period of the last ten years, one can say that there is little that has been done that would not have been done differently in some way if one problem had never existed. Finance, education, medical and health services, social welfare, prisons, police, industry, commerce, labour relations, land policy, housing, agriculture and fisheries, political relations—even the law itself—all bear the unmistakable surcharge (in a few cases an almost obliterating surcharge) of this single problem. It is the problem of a vast immigrant population; vast because for every resident of the Colony at the British reoccupation in 1945 there are now four residents.

A few figures will explain the position more precisely. The land area of the Colony of Hongkong is 391 square miles. Of this 12 square miles are developed for residential, commercial or industrial purposes, 50 square miles are cultivated, and the remainder is largely hillside or swamp which is unsuitable for agriculture and could not be developed for other purposes without disproportionately heavy expenditure on site-formation or services. The immediately useable land area of the Colony is, therefore, 62 square miles. From this and from the fishing grounds within and around the waters of the Colony 500,000 people obtained their livelihood in 1931. At the outbreak of the Japanese war the population had increased to 1,600,000. On the British reoccupation in 1945 the wholesale expulsions enforced by the Japanese had reduced that number to 600,000. By the end of 1946 the population was 1,600,000; by 1950 it was 2,360,000 and by the end of 1956 something over 2,500,000. Not all of the increase between 1945 and 1956 (nearly two million) was immigrant population. Perhaps a figure of 400,000 represents the natural increase in the population and a further 400,000 the people who were residents of the Colony before the war and returned to it after the Japanese surrender. The increase between 1945 and 1956 due to immigration was, therefore, somewhere about one million, and of this number Dr. Hambro, who conducted a survey on behalf of the United Nations High Commissioner for Refugees in 1954, has estimated that about 700,000 were refugees. Hongkong was already overcrowded in 1941 and to arrive at a 'normal' population in relation to the Colony's actual state of development it is necessary to look back rather further to, say, 1937 when the population was about 1,200,000. The annual rate of natural increase is at present about 25,000.

We have, therefore, a total area of 391 square miles (of which 62 square miles is immediately useable) with a normal capacity of about 1,200,000 persons. This area is now required to accommodate over 2,500,000 persons and to absorb a rate of natural increase of 75,000 per annum. New Zealand has an area of 103,939 square miles, a population of 2,153,000 and a rate of natural increase of 27,000 per annum.

There is the size of the problem, but how and why did it arise? In the years before the Pacific War it was the policy, indeed almost a tradition, to allow freedom of movement to Chinese across the border with China. There were many reasons for this. Economically, Hongkong was at that time the entrepôt for the great market of China. Goods arrived in bulk from all over the world and were unloaded into the warehouses of Hongkong. There they were broken down into small parcels and these were conveyed by traders into all parts of China. Freedom of movement for these agents, buyers, or itinerant traders was essential if Hongkong was to fulfil and promote its economic role, and to obtain in return for its re-exports (it had no natural products and few manufactures to sell abroad) the produce of China either for its own use or to be stored, sorted and passed on to its customers overseas. Socially the connexions between Hongkong and China are very close in normal circumstances. There is no marked geographical feature to form a natural frontier, and people on either side of the political border come from the same stock and lead the same sort of lives. Many long residents of Hongkong still had their family homes in the villages of Kwangtung and Kwangsi and these they visited frequently and sometimes for extended periods. Even where personal ties had been lost, these visits

were enjoined by Chinese custom. Students from Hongkong went back to the universities of China for higher education. In the reverse direction Chinese in search of an education with a Western emphasis came to Hongkong, and Chinese generally used the Colony as their point of contact with the whole of the Western world. There was a further reason. It was the period of China's spasmodic but long-drawn civil war in which perhaps one of the few stable factors was the accessibility and availability of Hongkong as a refuge. For her part Hongkong took pride in her role as a safe and well ordered sanctuary and she welcomed all who sought asylum, on the sole condition that they did not continue whatever struggle they were engaged in from within her borders. In 1932 the Japanese attack on China began. By 1937 Cantoni had been captured, and as the Japanese Army advanced to the British border several hundreds of thousands of refugees fled before it, crossed the border and tacitly claimed asylum. The influx continued. A time came when there was no longer any possibility of absorbing such large numbers into the organized life of the community and it was found necessary, after much heart-searching, to impose immigration restrictions on entry from China. When the Japanese attack on Hongkong came in 1941 the Colony was desperately (or so it seemed at the time) overcrowded, and this was one of the factors which impeded its effective defence. The Japanese inherited the same problem but resorted to more drastic measures. In 1942 and 1943 up to 1,000,000 people were expelled, many of them immigrants of a few years earlier, to find such livelihood as they could in the villages and fields of South China.

With the British reoccupation, many returned. The old immigration restrictions were not enforced as far as Chinese travellers from the mainland were concerned, and many thousands of people, impelled by the chaotic conditions in China at the time, flooded into Hongkong seeking, in the main, better opportunities and economic security. Hongkong began to accept the implications of a population some 25% greater than what might be regarded as its normal capacity. But worse was to come. By the end of 1949 China's new civil war had spread to the Southern provinces. This and the rapid consolidation of the new régime resulted in a fresh influx, greater than Hongkong had ever known. This time they were mainly political refugees. By May 1950 there was an increase in population of some 700,000 from this cause alone and in addition to the 'economic' increase between the end of the Pacific War and the capture of Canton by the Communists. Restrictions on entry from China were inevitable. On this occasion a quota system was applied and a rough balance was struck between those entering and leaving the Colony at the border. By February 1956 it was thought that the position might have stabilized itself in the sense either that no more Chinese wished to enter the Colony permanently or that new immigrants would be naturally balanced by those who, having sheltered in the Colony since the closing stages of the civil war, were now prepared to return to China. All restrictions were relaxed for a trial period of seven months. There was, however, no stability. The seven months showed an adverse balance of at least 56,000 permanent immigrants—a rate of immigration well in excess of the Colony's high natural increase. The quota system was, therefore, reimposed early in September 1956.

When one sees a child, or even a dog, run over by a motorcar one hurries to help and the emotions of horror and pity do not die easily. But when one reads of one million homeless exiles all human compassion balks and the great sum of human tragedy becomes a matter of statistical examination. Personal charity is largely unavailing, vast schemes of national relief are a temporary palliative. Eventually the last vestiges of hope are centred on the calculating machine and the drawing board. For the last ten years Hongkong has lived with just such a problem as this. Relief, then jobs; and then homes, for perhaps as many in all as a million people who were not here when the British rule was re-established.

* * *

The reader may well ask why this was *allowed* to happen. A small integrated community with resources appropriate to size surely has a right to protection against an inundation of strangers. This is an internationally accepted principle, and Hongkong's own pre-war and more recent history has shown that it can and must be applied when the situation becomes threatening—or (the cynical reader may add) when the Government wakes up to its responsibilities to its established citizens. Why was the situation ever allowed to develop into the vast problem that now faces the Government? Was it assumed that up to one million immigrants could be assimilated to an acceptable degree and in reasonable time?

The answer to these questions may fall oddly on modern ears. The immigrants were admitted on humanitarian grounds alone and the problems to which they would give rise if they did not return or emigrate elsewhere were deliberately accepted. The first influx fled from the shattered economy and threat of famine which followed the Pacific War. The people who followed in the second influx voted with their feet against the new régime which was established when the Nationalists withdrew to Formosa. In either case the immigrants sought in Hongkong something sufficiently important to themselves to necessitate the abandonment of their homes, the severance of family ties and the renunciation of traditional allegiances. No one will ever know what it cost them to abandon the land on which their ancestors had made their living. They were not denied what they sought, and Hongkong accepted the burden which they brought with them in the name of humanity rather than because it had any special standing in the matter other than the accident of contiguity.

There were, of course, no homes at all for the great majority of the refugees. There were two reasons for this. In the first place, the serious overcrowding, which had necessitated both immigration control and rent control immediately before the Pacific War, began to build up again very shortly after the Japanese surrender, and by 1950 the pressure of population was worse than it had ever been in the Colony's history. In the second place, although conventional war damage was comparatively slight, neglect and decay had made serious inroads into the quality and quantity of domestic buildings. There had been no building at all during the occupation, and world-wide shortage of supplies and shipping in 1946 and 1947 delayed even the rehabilitation of such buildings as could have been quickly repaired. A small proportion of the refugees were able to bring some capital with them. This they used in the first place to buy out sitting tenants, many of whom may well have been long residents of Hongkong. But even the high prices obtained could not provide alternative accommodation, and it was not long before those local people who had been tempted into parting with their homes found themselves no better off than the refugees. Some refugees entered into occupation and some Hongkong residents went out into the streets. The effect of this on the refugee problem as such will be referred to later.

If accommodation was desperately short, so was land. Even ten years ago there were few vacant levelled sites. Building land in Hongkong is not found, it is made; either hacked out of the hills or created by reclamation. And there are clear limits to either process. Most of the refugees were farmers, a true cross-section of the population of China which is overwhelmingly agricultural. But where was the farming land? 50 square miles was under cultivation, and that 50 square miles was already supporting a population of nearly 300,000, three times as many as when the rural areas adjoining the city first came under British rule in 1898. Almost all of the remaining country, which, apart from the cities of Hongkong and Kowloon, measures another 328 square miles, is made up of steep and rocky hillside on which no farmer has ever found a living. The rural land already had more farmers than it could support.

The immigrants were homeless and the only livelihood they knew was debarré to them. They therefore depended on the two cities. Depended—the word has a melancholy aptness. For, when virtually all the vacant urban sites, Crown land and leased land alike, had been over-filled with their flimsy insanitary shelters, they moved into the hills with which the cities are surrounded and hung their shacks in deep festoons over rocks bared by the war-time search for fuel. But always they crowded in on the town, for there alone lay the

hope of rice for tomorrow. They turned their hands to new trades with the resilience and resourcefulness of their race, and they caused little trouble so long as they were left undisturbed in their pathetic settlements, densely packed by both necessity and choice.

* * *

Before turning to the Government's attitude to this predicament—and it became a predicament with astonishing rapidity—it may be useful to examine some of the circumstantial problems to which these predominantly immigrant settlements gave rise. It has been said of these people that nothing but land for them to farm would make them happy and contented members of society. There was no land, and if they were to remain and become good citizens they had to be weaned away from their discontent and transformed by some social alchemy from the mentality of the farmer to that of the industrial worker. Until that transformation was achieved, the seeds of discontent would remain. Around them they saw a flourishing community, well established and battenning on the post-war boom. The majority were far enough removed from that community in the economic and social sense, but they were still further removed in their political views. The Communist Government of China was rapidly establishing itself and it lost no time in trying to win over the whole-hearted allegiance of overseas Chinese. This met with some success, and, even where the Marxist doctrines had no appeal and the initial pogroms were roundly condemned, there were many overseas Chinese who saw in the solidarity, determination and incorruptibility of the new régime, spiritual qualities from which a new and better China might eventually emerge when the first excesses had run their course, and when the exotic doctrines had been tempered by the Chinese genius for compromise. Both communists and non-communists were well represented in the settled communities of Hongkong. On the one hand there was support for the new régime and on the other a cautious tolerance. There were still others who were frankly opportunist—watchful, uncommitted and hoping desperately to succeed in laying their bets immediately before the horses passed the post. It was the traditional policy of the Government to hold itself firmly aloof from the internal politics of China and to prevent China's battles being fought out in the streets of Hongkong. The application of this policy had always required considerable dexterity but the situation which now presented itself called for a subtle combination of firmness, perspicacity, patience and understanding. In the economic sphere, however, the impact of the refugees and other immigrants from China was not, by reason of a concatenation of circumstances, so disturbing as might have been expected. It is again necessary to look back over certain developments in the last ten years.

Immediately after the war the chaotic economic condition of Asia, and Hongkong's own remarkable recovery, provided an opportunity to widen the traditional entrepôt function between China and the West so as to include goods moving to or from other areas in the Far East. Industry, which had its beginnings in the nineteen-thirties in relatively inefficient small-scale production, stimulated by Imperial Preference and later by the war in Europe, recovered more slowly. It was encouraged by the post-war scarcity of consumer goods, but it was also handicapped by the lack of raw materials, all of which had to be imported at a time when there was a world-wide shortage of shipping.

The increase of population up to 1949 has been called 'economic' immigration. It sprang from mainly economic causes, and in the economic sphere at all events Hongkong was able to absorb it. The expansion of trade alone provided a reasonable and improving standard of living for all. Then came the victory of the communist faction in China and, shortly afterwards, the Korean War. The first event was responsible for the influx of the political refugees; and the second led to the American embargo on trade with China (and, initially at least, with Hongkong), and later to the United Nations embargo on the export of strategic goods to China. Although she was faced with the problem of providing in some way or other for a new influx of 700,000 people, and although the introduction of economic controls was likely to have a serious indirect effect on non-strategic trade, Hongkong took immediate steps, more far-reaching than those taken by any

other territory, to give effect to the embargo on China and so cut off, at its own expense, a major part of its own livelihood. The effect was that total trade, which in 1950 had increased significantly, fell back in 1952 to approximately the 1949 level in terms of value and considerably below 1949 in terms of volume. Indeed, by early 1955 trade with China had dropped to some 15% only of the total (in 1938 75% of the Colony's trade involved China either as market or as source) and was in practice limited to the relatively minor proportions which the embargo allowed and the new trading methods of the Chinese made feasible. In 1951 an American journalist referred to Hongkong as 'this dying city' and questioned how it could survive with its swollen population and with a great part of its normal trade sacrificed for the general good.

Hongkong's economic survival was due to the expansion of, and a revolution in, its industry; and this was made possible in some measure by the three gifts which some of the political refugees brought with them from China; the first a surplus of labour, the second new techniques from the North coupled with a commercial shrewdness and determination superior even to that of the native Cantonese, and the third new capital seeking employment and security.

In 1948 there were 1,160 factories and workshops with a total labour force of some 60,000. By mid 1955 there were 2,500 factories and workshops employing 118,000 persons. Another 200,000 persons were employed indirectly or in domestic industries largely in the squatter and resettlement areas. There are now 3,319 factories and workshops employing 146,877 persons, and the number of persons directly or indirectly dependent on industry is probably at least 50% of the population. More important, however, has been the revolution in techniques and the improvement of quality. Although in general the emphasis is still on consumer goods, there has been a great diversification of products. 400 different types of manufacture and processes are now carried on, including some development of heavier industry—in particular steel. Since 1949, therefore, industry has been Hongkong's economic salvation. It has also meant salvation for the refugees though it could provide for many of them little more than a bare subsistence.

* * *

It is against this background of the general political and economic scene that the more particular problems created by the squatters must be examined. The word 'squatter' is introduced because it is now necessary to find a rather broader term which will include three classes of deprived persons, i.e. immigrants who left China before the Communist victory, refugees who left China because of that victory, and the Hongkong residents who sold out their homes to wealthier immigrants in one or other of the two former classes, and themselves became virtually destitute. The one thing that all classes had in common was the inability to find or to afford conventional accommodation. The squatter settlements contained elements of all three categories though the first and third categories were not nearly so numerous in the settlements as the second. It has been necessary in the course of earlier generalizations to speak as if the settlements gave rise to a single political problem and as if they were filled with people with a common background. Numerically the generalization is justified, but it is of some importance in what follows to appreciate that in fact there were two minority groups in the settlements one of which was composed of people who were not strictly refugees, though they were immigrants, and the other of people who were neither refugees nor immigrants.

For reasons which have already been given, the squatters crowded in upon the two towns, Victoria on the Island of Hongkong and Kowloon on the mainland peninsula. Their need was so great and so pressing that they had no thought for the ownership of land and it would have required an army of police to have restrained them. Virtually every sizeable vacant site which was not under some form of physical or continuing protection was occupied, and when there was no flat land remaining they moved up to the hillsides and colonized the ravines and slopes which were too steep for normal development. The huts were constructed of such material as they could lay hands on at little or no cost—flattened sheets of tin, wooden boarding, cardboard, sacking slung on frames—every variety of two dimensional material

that was light enough to carry and cheap enough to beg or steal or buy for a few dollars. Land was scarce even for the squatters and the huts were packed like dense honeycombs or irregular warrens at different levels, with little ventilation or light and no regular access. The shacks themselves were crowded beyond endurance. In some cases five or six human beings existed in a cubicle measuring 40 square feet. Density was at a rate of 2,000 persons to an acre in single storey huts. There was, of course, no sanitation and there was seldom any organized system of refuse disposal. There was in most cases no mains water immediately available, and water for all purposes had to be carried long distances from communal standpipes or collected from such hillside streams as the season allowed. Cooking fuel was charcoal or wood used in open 'chatties' (small cooking stoves) and at night some of the huts were lit with kerosene lamps or candles. Chickens, ducks and pigs shared the huts or the narrow congested areas around them. Sacking curtains over the doors gave privacy and they provided a measure of warmth in winter and of protection from torrential rains in the summer. Some of the squatters had work in the towns; others started cottage industries, which were sometimes more akin to small primitive factories, in the settlements, either in their own huts or in similar structures erected specially for the purpose. Inspection of such premises was impossible and it is probably true to say that each of these enterprises constituted a danger to health or to life and limb in one form or another. In such conditions every kind of vice flourished. Drugs were manufactured, sold and stored; there were divans, brothels and gambling houses; every form of crime was sheltered by the anonymity of these dark places.

The settlements varied in size. The largest, Shek Kip Mei, once accommodated 80,000 persons. In 1953 it was estimated that there was a total of 300,000 squatters. (That figure has subsequently been increased. Following upon a survey made in late 1955, it was estimated that those resettled and those awaiting resettlement total something like 500,000). The squatters were gregarious by nature and perhaps found that larger communities offered greater scope for a livelihood, for organization, and for protection from the various authorities. However that may be, the fact that they did organize themselves in very large units had two important effects: it eventually facilitated clearance by way of vast building projects which could alone make any impression on the immensity of the problem, and for the moment it made the danger to the community as a whole infinitely more immediate and more serious.

The immediate danger lay in two directions: public health and fire. There were, of course, other strains and stresses which this situation imposed on the community—the potential threat to law and order, political complications, the gross overtaxing of medical and educational services, the sterilization of virtually all the land suitable for development, the strain on an imported food supply, a water shortage worse than the Colony had ever known, a housing shortage which would have been serious even if there had been no squatters—all these problems would have to be tackled in due time, but for the moment the really vital risks lay in the danger of a widespread epidemic or in a major conflagration. By some miracle the first of these dangers never materialized. The second did, time and time again; and it is one of the ironies of this desperate situation that it was fire that cleared the first site for a 'decanting' scheme of resettlement which is now accepted as the only feasible solution to the problem, and which is still continuing today.

Why was that solution so long in coming? Why was a situation in which, on current estimates, 300,000 people lived in conditions such as those described above allowed to develop without some remedial measures being taken? The answer to these questions is complex. In the first place, it is perhaps difficult, in the light of our present knowledge, to appreciate how imperceptibly, and yet with what astonishing rapidity, the problem matured. In two years the squatter population increased from 30,000 to at least 300,000. Once the fringes of the settlements had been occupied a virtual screen was established, behind which the density increased without apparent change, until one day huts could be seen thrusting out of the levelled area and up the ravines into the low hills with which the cities are surrounded. Perhaps 80,000 people

now occupied an area which a few weeks ago seemed to contain no more than a string of roadside huts. They were, of course, essentially mobile. Their crude shacks could be dismantled in a few hours and could be transported for several miles without assistance from outside the family. They were desperate and determined people who were now accustomed to the insecurity of someone else's land, and in practice disturbance meant little to them except the search for a new site. Surveys were undertaken but they were then unskilled and the results were inaccurate and conflicting. All that was known with certainty was that a problem of frightening dimensions was building up at a frightening speed.

The Government hesitated at first to tackle this amorphous problem for two reasons. It seemed impossible to believe that this was in truth Hongkong's problem. Hongkong had granted immediate sanctuary to the refugees; but was not their rehabilitation and ultimate disposal a matter for some wider organization than a charitable next-door neighbour? If the responsibility was not Hongkong's there were three ways, and only three, in which she could be relieved of it; either the refugees could return to their homeland, or they could emigrate to some other country, or the costs of their integration into Hongkong's own community could be accepted as a charge upon the conscience of the free world and be underwritten by some international agency. In the beginning it seemed that the first of these three possible courses was both the logical and the likely solution. There was evidence that the worst excesses of the new régime in China were over. Even if no radical change of heart had yet occurred, it appeared that the new rulers were becoming more conscious of their reputation abroad and more anxious to win the approbation of overseas Chinese, whatever their political views. And perhaps, now that the violence of the upheaval was over, now that the refugees had suffered these many months of poverty and exile, they would take matters into their own hands and return. There was no question whatever, of course, of compulsion. They were absolutely free to exercise the choice as and when each individual wished. The Government waited for that choice to be exercised;—and it became increasingly clear as the months and years passed that it had been exercised in silence and that they would not return.

The two other courses were neither in the discretion of the refugees themselves nor of the Government of Hongkong. In 1954 Dr. Hambro's report confirmed that the Hongkong Government could be relieved of its burden only by emigration or outside financial assistance. The complications attaching to the former and the enormous scope for the latter were both emphasized, and, with Dr. Hambro's departure, it was evident to the Government that any form of relief from outside sources would take time to muster and negotiate,—and that time might well be the one commodity that would not be provided.

The second reason why the Government hesitated to come to grips with the situation was, and it can be said frankly, the immensity of the problem which it presented. The requirement was the provision of decent, permanent, fire-proof homes for several hundreds of thousands of people. Granted all else, the only land on which a project of these dimensions could be accommodated was both occupied by the squatters and also subject to a prior claim, for it must not be forgotten that there existed in Hongkong a most serious housing problem quite apart from the question of the resettlement of the squatters. In all parts of the Colony the tenement buildings were crowded to five or six times their pre-war density, rents of new premises were prohibitively high, and, if the squatters are disregarded, the single urgent need of the whole Colony was for low-cost housing. The people who endured this need were the established lower-paid workers, the very back-bone of the Colony, and, *prima facie* at all events, older residents who had the first claim on the Colony's resources. It seemed that their need could be met only by freeing the land sterilized by the squatter settlements. But where were the squatters to be moved to? And even if the land could be formed out of the hillsides or reclaimed from the sea, who was to sponsor such an enterprise—far removed from the resources of the housing societies and unattractive to private enterprise? It had never in the past been Government's policy to enter into the field of domestic construction and there seemed to be valid economic reasons why it should not do so now. And although it was clear that only the Colony's budget could provide funds of the magnitude

HONGKONG NOTES AND REPORTS

HONGKONG vs. LANCASHIRE

According to London reports, a British delegation led by the Cotton Board's chairman, Lord Rochdale, will soon come here to negotiate the restriction of Hongkong's textile exports to the United Kingdom. In Hongkong, an 11-man delegation has been formed to represent local manufacturers and businessmen in the forthcoming negotiations. The Hongkong delegation, under the chairmanship of Mr. J. D. Clague, consists of 2 representatives from the Hongkong General Chamber of Commerce (J. D. Clague, G. M. Goldsack); 2 from the Chinese Manufacturers' Association (Chu Shek-lun, Ernest C. Wong); 2 from the Hongkong Cotton Spinners Association (P. Y. Tang, C. C. Lee); 2 from the Hongkong Cotton Garments Manufacturers Union (U Tsowin, Lam Kun-shing); 1 from the Hongkong Weaving Manufacturers Association (V. C. Woo); 1 from the Textile Finishing Merchants Association (Cha Chi-ming) and 1 from the Hongkong Exporters Association (I. D. Bruce).

Commenting on the Cotton Board's visit and the inclusion of textiles other than grey cloth in the coming discussion, a local English language newspaper, the South China Morning Post, said in an editorial: "Trade developments during past months make it less easy and more hazardous for the Colony to submit to artificial impositions against overseas marketing of its manufactured commodities than when the Clegg mission came here last year and Sir Frank Lee, the Board of Trade representative, engaged in his inquiry last April. The dumping of goods from China, principally for re-export, has had, and is having an adverse effect on our own exports to Southeast Asia, including textiles. There are good grounds for the apprehensions now being felt among our industrialists that if the present competition persists—and it must be expected to—that a downward trend in production is inevitable, unless replacement markets can rapidly be found. The danger of an enforced layoff of workers cannot, therefore, be discounted. Obviously any drastic limitation of textile exports to Britain must further aggravate an already disconcerting situation."

"The Cotton Board delegation will come to Hongkong next month armed with "ceiling" agreements reached with India and Pakistan. Their full terms have still to be made public, but the Colony can only regard with dismay the revelation that these pacts include restrictions on textiles other than grey cloth. At no stage in any of the discussions held with Lancashire representatives or with Sir Frank Lee would the Colony spokesmen concede to negotiate on anything but grey cloth imports into Britain. The obvious determination of the Cotton Board's delegates to introduce into the negotiations the subject of a limitation on made-up textile garments can only be highly embarrassing to the Colony's representatives; moreover it could well prejudice the discussions. To Lancashire it may appear wholly logical that restrictions of Hongkong imports should cover all types of textile manufactures; to Hongkong it could mean an intolerable burden. Undoubtedly the British proposal to include in any "ceiling" agreement textiles other than grey cloth will complicate what in any event must be difficult negotiations."

"In the knowledge that the visiting delegation intends to

needed for site formation and construction on the scale required, it was not so much the prime cost as the incidental implications of so drastic a commitment that gave Government pause. By setting itself up as the landlord of some 300,000 refugees, did not Government by that fact alone recognize them as an integral part of the population? And did not this imply schooling for their children, care for their sick, more imported food, more reservoirs taking years to build, and, perhaps worst of all, more delay to the Colony's legitimate projects of development while these special needs were being met?

Perhaps enough has been said to show that there were the most cogent reasons for delay and for careful deliberation before the Government finally committed itself to a policy which up to the time of writing has accounted, directly and indirectly, for the expenditure of perhaps \$330 million from public funds. It remains to give some account of how that policy developed and how it was put into effect.

(To be Concluded)

enlarge the area of negotiation from that originally conceived it is essential that those who agree to serve on the special committee, which is to be formed with Government's assistance, should make a thorough and very careful appraisal of all the implications of the Cotton Board's mission. Similarly there should be no hasty decision, born of irritation, to refuse to listen to the visitors' ideas and proposals concerning a limitation of Hongkong textile imports to Britain other than grey cloth. It is manifestly the duty of the Colony representatives to engage in discussions with the Cotton Board delegates even though they now seek to negotiate a much wider agreement than that envisaged by our textile industry. We are entitled to insist, however, that whatever proposals the visitors intend to advance they should, for Hongkong, be of a generous nature. Agreement by the Colony to any restriction on textile exports to Britain constitutes a concession which must, to some extent, detrimentally affect the local industry; whereas we cannot conceive acceptance of any "ceiling" below that of the current level of textile exports to the United Kingdom. As we have observed before, we are being asked to make a sacrifice, but if that is done it must be one within the compass of our economic flexibility and subject to the overriding demands of the livelihood and welfare of the whole community."

DEVELOPMENT CORPORATION

Government is now considering a memorandum on the formation of a Development Corporation submitted by Mr. J. D. Clague who first made the suggestion at the budget debate at the Legislative Council in March this year. The object of the corporation is to provide, on reasonable terms, medium or long term capital on a secured basis for any enterprise which will further the best interests of the Colony as a whole. Mr. Clague suggested that the corporation should employ the necessary professional staff but should be controlled by a voluntary board, the majority of whose members would be drawn from the leading professional and businessmen in the Colony sitting together with senior government officials. He also proposed that the corporation was to be provided with loan capital by Government and, if they were willing, the banks and insurance companies might participate. Funds might also come from the colonial development agencies.

Supporting the formation of the corporation, the Hongkong Standard opined: "There are two reasons why it is both opportune and expedient for the government here to make a move on the Development Corporation plans at this time: First, in view of the complex and serious economic problems now confronting the Colony's industries, we badly need the heartening effect of positive government action; Second, the deliberations on the Hongkong Federation of Industries have shown that unless it is backed by a strong financial institution, such as the Development Corporation, the Federation is apt to become a well-intentioned but generally impotent organization."

"The difficulties which plague our industries today are recognised as long-range problems by all those who have made a serious study of our economy. We have at this moment too heavy a concentration on light industries, especially in the manufacturing and processing of cotton textiles. This weakness in industrial growth has been the result of the high-liquidity outlook of our investors. Our industrialists and our investors have for years been obsessed with the idea of quick turnover, and as a consequence Hongkong's industrial enterprises have been generally in the light manufacturing field. This has made our entire industrial structure extremely vulnerable to competition as well as import restrictions imposed by our various customer countries. The trouble which Hongkong is now having with Lancashire is one important example of how the concentration of industrial efforts on textiles can pose a serious threat to our economic structure. If heavy restrictions are placed on Hongkong's textile exports by the United Kingdom and by the United States, a progressive deterioration of our economy is almost inevitable. Equally grave is the dumping of low-priced Chinese Communist products on the Hongkong and Southeast Asian markets. This is again a competition in the light industrial category, and if Peking's dumping campaign should continue, a substantial portion of our factories would be brought to the brink of ruin."

"To remedy this situation, Hongkong needs a strong industrial financial institution to help the local industry in bringing about a diversification of their products and in stimulating investments which are not primarily made on the incentive of high-liquidity. Additionally, there is also the urgent need here for many of the existing local factories to modernise their equipment and to install new manufacturing methods which would bring down production costs. The dumping of Chinese Communist products has shown that it is highly dangerous to build Hongkong's competitive assets on the advantage of our cheap labour alone. This is true because cheap labour is available nearly everywhere in the Orient. Furthermore, the margin of labour cost, which is temporarily to our advantage, can also be wiped out easily by new labour saving manufacturing methods and equipment.

"Hongkong's present industrial setup is such that except for a few large factories, the majority of our light manufacturing plants are actually of the cottage industry type. This development has given us a precarious house-of-cards industrial structure which can hardly withstand the buffeting of a really serious economic disturbance or the concerted attacks of a determined competitor. In the next few years, if Hongkong is to preserve the overseas markets it already has and to open up new territories for its products, there must be a thorough overhaul of the Colony's industrial structure from cottage-type operational methods to a modern, well-planned and efficiently managed mass production process. This change-over in our industrial process will have to be encouraged and partially financed by an organization such as the proposed Development Corporation.

"From the standpoint of short-term expediency, there is also the need for some bold and far-sighted government action which will act as a psychological booster for the growing ranks of our industrialists who have been depressed and demoralised by the Chinese Communist dumping and the loss of our markets. There is no doubt that our general economic situation will worsen during the forthcoming months. To provide Hongkong with the necessary psychological shock-absorber for the troublesome days ahead, it would be wise for the government to act swiftly and announce the appointment of a committee assigned to the task of making a detailed study into the organization of a Development Corporation. The appointment of such a committee will not only give hope to Hongkong's industry but it will also serve as a demonstration of the government's own faith in the future of the Colony."

CHUNG HWA MIDDLE SCHOOL

During the past two weeks, Communist newspapers in Hongkong used the Chung Hwa Middle School eviction incident as a pretext for another vociferous denunciation of the authorities. The Colonial Secretary, Mr. C. B. Burgess, made the following statement last week to clear up the issue:

"I have been disturbed to see that there has been very serious distortion and misrepresentation in certain newspapers of the events surrounding the enforcement on August 26 of a Court order for the closure of the building in which the Chung Hwa Middle School is situated. Some of these accounts can only be described as inflammatory and mischievous distortions of facts. I must emphasise that there are three, and only three main elements in the situation: (1) the exercise by Government of its basic duty of protecting children and adults from the physical dangers inherent in a structurally unsafe building; (2) the processes of the Law and the implications of an order issued by the Courts, and (3) the responsibility of the Police for putting into effect an order by the Courts whether or not the individuals affected by it are willing to comply. The sequence of events was as follows: In March, the solicitors for the owners of the premises in which the school is situated wrote to the Government drawing attention to the dangerous state of the building. This was supported by a surveyor's report. The Public Works Department then carried out an inspection and confirmed that the building was dangerous, not only for its present use as a school but for any other purpose. The Director of Public Works thereupon applied to the Courts for a closure order on May 27. This order was granted but, following negotiations with the solicitors for the school and an undertaking on their part to shore up the first floor of the building, the order was varied on May 31 to apply to the first floor and staircase only. This modification was accepted to permit the school term to be completed and terminal

examinations to be held. It was made clear however that it was no more than a temporary expedient.

"On August 1 the Building Authority posted a notice of intention to apply for a closure order of the ground floor of the building as the shoring itself did not make the building safe for use. An order was made by the Magistrate on August 20. The order was passed on to the Police for execution on August 21. On August 23 a party of Police visited the school and attempted to persuade the Headmaster and his staff to vacate the premises. The Headmaster refused to order some 400 students who were in the school premises to leave but gave an oral undertaking to vacate the building on August 25. A copy of the closure order was thereupon served on him. On August 24 and 25 it became clear that the attitude of the school authorities was changing. Several parties from schools and other organisations paid almost continuous visits to the school and took part in meetings held there. Up to 700 people were present at the school at any one time.

"August 26 a Police party of 77, including seven women Police officers, went to the school at about 6 a.m. to put the closure order into effect. There were then about 70 people in the building. The Officer-in-Charge read the closure order to the Headmaster and informed him that he would be allowed half an hour in which to clear the building. During this half hour, nobody in the building made any attempt to move out of it and about 50 more students arrived. There were six press reporters in the building when the Police first entered it and three more arrived during the half hour wait. At the end of that period, the press representatives were requested to leave and as they refused to do so, some of them were ejected. The students were then requested to leave but they linked arms and refused to move. The first few students were then removed. The remainder followed quietly. The residents of the building left quietly also on request and by 7 a.m. the building was clear and was then sealed, the closure order being posted on the front door.

"It is important to appreciate that the Court order of August 20 was made under the Buildings Ordinance and not under the Education Ordinance and that it applied to the building only. It is completely untrue to say that action was taken against the Chung Hwa Middle School as a school. The misrepresentations in certain newspapers may be summarized under two headings, first, allegations that the action taken by Government was arbitrary and that it was taken on educational grounds; and second, allegations that the Police indulged in an excessive use of force in effecting the Court order.

"The safety of children and adults frequenting the building in question was the sole consideration which moved Government to action. The action taken was the action prescribed by the law. All departments of the Government have throughout dealt with this problem with the maximum consideration for all the interests involved. But the Building Authority has a clear duty to ensure that unsafe buildings are not left in a dangerous condition, whatever the use to which they are being put. Even if it could be said that this first group of allegations arose out of a genuine misunderstanding of the position, nothing of the kind can be said about the second group. These include allegations that students, teachers, and press representatives, who happen to have been in the building as early as 6 a.m., were beaten up by the Police, that there was bloodshed, that bones were broken, that the Police were armed, that Press cameras were broken by the Police and so on." The Commissioner of Police has conducted a full enquiry into the behaviour of members of the Police Force on this occasion. As a result of this I am entirely satisfied, and state categorically: (a) that the Police at no time used more than the minimum force necessary to clear the building of persons who had refused to leave after having been given a reasonable opportunity to do so; (b) that—apart from two minor abrasions (not requiring medical attention) suffered by a member of the Press who forcibly obstructed the Police—there is no evidence that any injury was caused to anyone concerned in the incident; (c) that there is no evidence of any camera being damaged or destroyed by the Police; and (d) that the Police carried batons, as part of their normal equipment, but that otherwise they were unarmed. No baton was at any time drawn.

"I do not wish to speculate upon the motives which may have inspired the misrepresentations and distortions to which I have referred, but I do wish to deny them as emphatically as I am

able. It is deplorable that they should be printed at all, but it is even more deplorable that they should issue from the pens of reporters who may well have been on the scene personally and may well have been in full possession of the true facts.

"The position now is, as it has been from the beginning, that the ordinary processes of the law will be followed. The Building Authority, after considering the representations from the owner, has agreed to receive plans to carry out repairs from the occupiers instead of the owner as would be normal in such case. This decision was communicated to both parties on Wednesday, August 27. The owner has appealed against the decision under the provisions of the Buildings Ordinance to the Appeals Board constituted under that Ordinance."

TOURIST TRADE

The Hongkong Tourist Association is setting up two offices as part of its plan to boost the tourist trade. One will be housed in the Hongkong Star Ferry pier building and the other in the new terminus building at Kai Tak Airport. Local tourist organizations are expecting a boom beginning October. One agency has already been booked to handle some 15,000 Americans who will be coming here from October onwards. The hotel situation here is also improving. There are now about 1,962 rooms available including the 210 rooms of the recently completed Astor and New Ritz Hotels. Three more new hotels now under construction (the Park, Imperial and an extension to the Miramar Hotel) will add another 660 rooms to Hongkong's total hotel accommodation.

According to Mr. H. F. Stanley, executive director of the Tourist Association, some 150,000 posters and brochures on

Hongkong will soon be sent all over the world to attract tourists. Promotion work will be conducted at trade fairs in Melbourne and in Sydney next year and a pictorial exhibition of Hongkong will be held at the Seattle Trade Fair which will be opened on April 22, 1959.

THE NEW RUNWAY

The new 8,650-foot runway at Kai Tak Airport was opened last week. The first plane using the new runway was an American naval sea plane carrying seven passengers from Okinawa. A CAT plane heading for Taipei was the first civilian plane to take off and a PAL craft was the first civilian plane to touch down. The pilot of PAL plane said, "The runway is beautiful, smooth and straight. It is much more comfortable than the old runway because there are no mountains to worry about and the view is perfectly clear."

The official opening ceremony will be performed by the Governor tomorrow (September 12). The cost of the new airport, excluding the terminal building, is \$110 million.

WATER SUPPLY

Beginning last Wednesday, a 24-hour water supply was resumed in Hongkong. Two months ago, the Colony's water supply was reduced to 5 hours per day on account of the dwindled storage in the reservoirs and the lack of rain. According to the Water Authority, all reservoirs, with the exceptions of Tai Lam Chung and Pokfulam, are now overflowing. On September 3rd, Tai Lam Chung was 4 feet 7 inches below overflow and Pokfulam was 6 feet below; total storage in all reservoirs was 9,946 million gallons.

FINANCE & COMMERCE

HONGKONG EXCHANGE MARKETS

Sept.	U.S. \$			
	T.T. High	T.T. Low	Notes High	Notes Low
1	\$582 $\frac{1}{4}$	581 $\frac{1}{2}$	580 $\frac{3}{4}$	580 $\frac{3}{4}$
2	582 $\frac{1}{2}$	582 $\frac{1}{4}$	580 $\frac{3}{4}$	580 $\frac{3}{4}$
3	582 $\frac{3}{4}$	582	580 $\frac{3}{4}$	580 $\frac{1}{4}$
4	582 $\frac{1}{2}$	582	581 $\frac{1}{4}$	580 $\frac{3}{4}$
5	582 $\frac{1}{2}$	582	580 $\frac{3}{4}$	580 $\frac{3}{4}$
6	582 $\frac{3}{4}$	582	580 $\frac{3}{4}$	580 $\frac{3}{4}$

D.D. rates: High 581 $\frac{3}{4}$ Low 580 $\frac{3}{4}$.

Trading totals: T.T. US\$3,920,000; Notes cash US\$415,000, forward US\$2,160,000; D.D. US\$340,000. The market was quiet with only minor changes in rates. In the T.T. sector, general and gold importers provided steady demand while offers from Japan, Korea, and South East Asia ports continued adequate. In the Notes market, speculative activities revived on the increased tension over Formosa Strait. Interest for the change over favoured sellers and aggregated HK\$3.00 per US\$1,000. Positions taken by speculators averaged US\$2 $\frac{1}{2}$ million per day. In the D.D. sector, market continued very quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.72—1.53, Japan 0.0144—0.01425, Malaya 1.88—1.875, South Vietnam 0.07165—0.07142, Laos

0.05—0.048, Cambodia 0.08, Thailand 0.2747—0.2724, Indonesia 0.0625, India 1.05. Sales: Pesos 330,000, Yen 55 million, Malayan \$280,000, Piastre 8 million, Kip 5 million, Rial 6 million, Baht 3 million, Rupiah 750,000, Rupee 100,000. Peso recovered suddenly on eager demand from buyers while sellers disappeared. Indian Rupee also recovered.

Chinese Exchange: People's Yuan notes quoted \$0.86—0.68 per Yuan. Taiwan Dollar notes quoted \$0.13325—0.125, and remittances at 0.133—0.128.

Bank Notes: Highest and lowest rates per foreign currency unit in HK\$: England 16.09—16.05, Scotland 14.80, Ireland 13.50, Australia 12.63—12.57, New Zealand 14.09, Egypt 10.03, East Africa 15.15, South Africa 15.78—15.75, West Africa 13.00, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 1.1773, Pakistan 0.785, Ceylon 0.92—0.915, Burma 0.52, Malaya 1.854—1.842, Canada 5.9275—5.88, Cuba 5.00, Argentina 0.12, Brazil 0.035, Peru 0.24, Mexico 0.40, Philippines 1.735—1.565, Switzerland 1.33, West Germany 1.365, Italy 0.0091, Belgium 0.107, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.0125, South Vietnam 0.073—0.071, Laos 0.05—0.047, Cambodia 0.081—0.08025, New Guinea 1.10, Indonesia 0.063—0.057, Thailand 0.2665—0.264, Macao 0.996—0.995, Japan 0.0152—0.0146.

Gold Market			
Sept.	High .945	Low .945	Macao .99
1	\$253 $\frac{1}{2}$	253	Low 264
2	253 $\frac{3}{4}$	253	
3	253 $\frac{3}{4}$	253	264 $\frac{1}{2}$ High
4	253 $\frac{1}{2}$	253 $\frac{1}{4}$	
5	253 $\frac{1}{4}$	252 $\frac{3}{4}$	
6	253 $\frac{3}{4}$	253	

Opening and closing prices were 253 $\frac{1}{4}$ and 253 $\frac{3}{4}$; highest and lowest 253 $\frac{3}{4}$ and 252 $\frac{3}{4}$. The market was quiet because speculators were already heavily committed; prices were firm but registered no fresh advances. Interest favoured sellers and aggregated HK\$0.97 per 10 taels of .945 fine. Tradings averaged 7,500 taels per day and amounted to 45,000 taels for the week, in which 15,670 taels were cash dealings (5,870 taels listed and 9,800 taels arranged). Imports from Macao amounted to 11,000 taels. One shipment of 32,000 fine ounces reached Macao during the week. Exports totalled 9,500 taels (6,000 taels to Singapore, 3,000 taels to Thailand and 500 taels to Korea). Differences paid for local and Macao .99 fine were HK\$12.20 and 11.20 respectively per tael of .945 fine. Cross

LAST WEEK'S SELLING RATES OF LOCAL EXCHANGE DEALERS

Country	Currency	Denomination	In HK\$	In US\$
America	Dollar	5-100	5.81	—
Australia	Pound	5 and 10	12.70	2.188
Britain	Pound	1 and 5	16.20	2.791
Burma	Kyat	10-100	0.54	0.093
Cambodia	Rial	all	0.082	0.0141
Canada	Dollar	5-20	5.92	1.02
Ceylon	Rupce	5-100	0.95	0.164
France	Franc	all	0.01265	0.002179
Hongkong	Dollar	all	—	0.17241
India	Rupce	all	1.185	0.204
Indonesia	Rupiah	all	0.063	0.01085
Japan	Yen	100-5000	0.0153	0.002636
Laos	Kip	all	0.05	0.00861
Macao	Pataca	all	1.01	0.174
New Zealand	Pound	1-10	14.10	2.429
Pakistan	Rupce	100	0.80	0.138
Philippines	Peso	5-100	1.72	0.296
Singapore	Dollar	5-100	1.85	0.319
South Africa	Pound	all	15.80	2.717
Switzerland	Franc	all	1.37	0.236
Taiwan	Dollar	5 and 10	0.134	0.02308
Thailand	Baht	10-100	0.27	0.04651
South Vietnam	Piastre	all	0.0735	0.01266

rates were US\$38.04—38.03 per fine ounce; 16,000 fine ounces were contracted at 38.04 cif Macao. US double eagle old and new coins quoted \$262 and 239 respectively per coin, English Sovereigns \$59 per coin, and Mexican gold coins \$290 per coin.

Silver Market: 600 taels of bar silver traded at \$5.55—5.50 per tael, and 700 dollar coins at \$3.56 per coin. Twenty-cent silver coins quoted \$2.70 per five coins.

Money Market: In sympathy with the lowering of bank rate in London, leading banks here reduced their interest rate by about half per cent to: 8-6 per cent per annum. Chinese banks now charge 10-8 per cent per annum while small native banks and money lenders collect 14-10 per cent. Most banks now offer only two per cent per annum on Savings Accounts and no interest on current deposits.

HONGKONG SHARE MARKET

The market opened dull last week. Buyers were cautious on account of the Quemoy situation. Towards weekend, prices of most shares were depressed by the selling pressure which intensified after President Eisenhower had warned China that he would not hesitate to commit American armed forces to the defence of the Chinese Nationalist-held offshore islands if he found that was

necessary to the security of Formosa. On the same day, Peking announced that her territorial waters had been extended to the 12 miles limit covering the offshore islands of Quemoy and Matsu.

Drops, however, were not sharp because there were many optimistic investors who absorbed popular shares whenever prices declined to an attractively low level. Several shares touched the lowest 1958 level at weekend. HK Banks dipped to \$735, a new low this year. A total of 453 shares were transacted out of which 205 shares were concluded at \$735. Other shares which registered active business but slightly lower prices were Wheelocks, Docks, Providents, Lands, Realities, Hotels, Trams, Lights, Dairy Farms and Rubbers.

On the other hand, Electrics improved to \$27.80 and the closing rate at X-All \$24.20 was 10 cents better than that of the preceding week; 16,450 shares changed hands during the week. Telephones had 12,150 shares traded; quotations first firmed to \$25.30 but closed at \$25.10 which was same as that of the preceding week.

Star Ferries, HK Wharves and Investments were quiet but prices remained steady throughout the week. Cements, however, continued to ease; selling offers were reduced by another 20 cents but there were still no buyers.

The turnover on Monday was \$593,000; Tuesday, \$572,000; Wednesday, \$263,000; Thursday, \$610,000; Friday, \$578,000.

Dividend—The Chartered Bank announced an interim dividend of 7½ per cent. At an extraordinary general meeting of stockholders to be held on October 8 the Directors will recommend raising the capital of the Bank to £5,000,000 by capitalising £600,000, out of the Reserve Fund to be applied in paying up in full 600,000 shares of £1 each which will be issued to stockholders on the register on October 4 in proportion to their existing holdings. The Directors will also restore £400,000 of the Reserve thus capitalised by transferring that sum from the Contingency to

the Reserve Fund. The Bank hopes to maintain the present dividend of 15 per cent on the increased capital.

HONGKONG STOCK EXCHANGE IN AUGUST

The inactivity which followed the coup d'etat in Iraq continued during the whole of August, and although tension in the Middle East lessened as the result of acceptance by the General Assembly of U.N. of the Arab-sponsored resolution, the shelling of Quemoy caused uneasiness in this part of the world, and negated any improvement in turnover which might have resulted from lowering the bank interest rate. A contributory factor may be the fresh capital required by the end of 1956, by the Hongkong Telephone Co. (\$15,000,000) and the Hongkong Electric Co. (\$10,000,000). Prices generally ruled steady with a few counters yielding ground.

Banks and Insurances: More shares in Hongkong Banks changed hands with little change in rates and moderate trading in Bank of East Asia shares was reported. Interest in Unions continued, while small parcels of Lombards were dealt in. Rates in this group were well maintained. **Investment Companies:** Only light scale trading was reported in this section at lower levels. **Shipping:** A falling off in the demand for shares in this section was noted at slightly lower rates. **Docks & Wharves:** Hongkong Docks were in demand at approximately the rates ruling last month, but interest was lacking in other shares in this section. **Lands & Hotels:** Less interest was evinced in Hongkong Hotels but Hongkong Lands and Realties came in for more attention. Rates in this section were steady. **Public Utilities:** Less activity was shown in this section but the Hongkong Electric New Issue appeared to be favourably received judging from slight price increases following the announcement. **Industrials:** Dullness prevailed in this section but Amoy Canning registered useful gains in the small business transacted. **Stores:** Trading was upon a restricted scale with no change in rates. **Miscellaneous:** Trading in this section was negligible. **Cottons:** Trading was upon a light scale with prices tending to lower levels. **Rubbers:** Interest was lacking in this section except for Sungalas which registered increased volume and improved rates.

Dividend and other announcements were made by Hongkong Land Investment & Agency Co., Ltd., Hongkong Tramways, Ltd., Hongkong Electric Co., Ltd., Amoy Canning Corporation (Hongkong) Ltd. and Yangtze Finance Co., Ltd.

Business during the month: \$9,808,316. Business in 1957: \$147,621,871. Business during January-August, 1958: \$107,743,267. Business in August, 1957: \$13,323,918.

Business During August

	Qty. of Shares
Government Loan 3½% (1948)	\$ 44,000
H.K. Bank	955
Bank of East Asia	285
Lombard Insurance	765
Union Insurance	2,900
China Underwriters	5,450
Allied Investors	2,000
Yangtze	6,891
H.K. & Far East Inv.	200
Union Waterboat	100
Asia Navigation	2,000
Wheelock Marden	41,330
C Provident	7,191
H.K. Dock	9,366
Shanghai Dock	1,903
H.K. & S. Hotels	29,946
H.K. Land	41,579
Shanghai Land	1,770
Humphreys	1,015
H.K. Tram	116,000
Star Ferry	32,775
Yaumati Ferry	500
China Light	2,965
H.K. Electric	41,625
Macao Electric	43,288
Telephone	3,014
Calbeck (Ord.)	39,652
Cement	200
Amoy Canning	1,800
Metal Industries	2,030
Dairy Farm	2,400
Watson	43,124
Lane Crawford	10,635
Sincere	4,250
China Emporium	234
China Entertainment	1,938
Shanghai Gas	154
Textile	288
Nanyang Mill	1,200
	16,000
Rubber	
Amalgamated Rubber	210,346
Ayer Tawah	5,450
Java Consolidated	2,739
Langkat	500
Rubber Trust	15,252
Sungala	27,800

Closing Rates on August 29

H.K. Govt. Loans	
3½% Loan (1934), 93½ nom.	
3½% Loan (1940), 89 nom.	
3½% Loan (1948), 82 b.	
Banks	
H.K. & S. Bank, 755 b; 765 s; 760 sa.	
H.K. & S. Bank (Lon. Reg.), 443 nom.	
Bank of East Asia, 284 nom.	
Insurances	
Union Ins., 74½ s.	
Lombard Ins., 28 nom.	
China Underwriters, 7¼ nom.	
Investment Companies	
Allied Investors, 4 b.	
Yangtze Finance, 5.85 b.	
H.K. & F. E. Invest., Ex. Div., 9.80 nom.	
Shipping	
Douglas, 420 nom.	
Indo China (Pref.), 12 nom.	
Indo China (Def.), 25.70 nom.	
U. Waterboat, 20 b.	
Asia Nav., 1.275 nom.	
Wheelock, 5.85 b; 5.90 s; 5.90 sa.	
Docks, Wharves & Godowns	
H.K. & K. Wharf, 100 nom.	
Sh. Hongkew Wharf, 1.20 nom.	
H.K. Dock, 42¼ b; 42¾ sa.	
China Provident, 11½ s; 11¼ sa.	
S'hai Dockyards, 78c b.	
Mining	
Raub Mines, 2½ nom.	
H.K. Mines, 2c nom.	
Lands, Hotels & Bldgs.	
H. & S. Hotels, 20.40 b; 20.70 s; 20.70½ sa.	
H.K. Land, 32 b; 32¼ s; 32 sa.	
A/F. Land, 35c nom.	
S'hai Land, 58c nom.	
Humphreys, 14.70 b; 15.10 s.	
H.K. Realty, 1.35 b; 1.375 sa.	
Chinese Estates, 350 nom.	

Public Utilities

H.K. Tramways, 25.40 b; 25.60 s; 25.70½ sa.
Peak Trams (P. Paid), 72 nom.
Peak Trams (P. Paid), 35 nom.
Star Ferry, 110 nom.
Yaumati Ferry, 94½ sa.
China Light, 17.10 b; 17.30 s; 17.30 sa.
H.K. Electric, 27.30 b; 27.60 s; 28/27½ sa.
Macao Electric, 9.10 b; 9.10 sa.
Sundakan Light, 7¼ nom.
H.K. Telephone, 25 b; 25.20 s; 25.30/10 sa.
Shanghai Gas, 1.05 nom.

Industrials

G. I. Cement, 22 s.
H.K. Rope, 13½ nom.
Metal Industries, 1 s.
Amoy Canning (H.K.), 40 b.

Stores

Dairy Farm, 17 b; 17.20 s; 17.20 sa.
Watson, 11 s.
L. Crawford, 13.10 b; 14.30 s.
Cald. Macr. (Ord.), 32 nom.
Sincere, 3.60 nom.
China Emporium, 8.45 b.
Sun Co., Ltd., 1.10 nom.
Kwong Sang Hong, Ex. Div., 151 nom.
Wing On (HK), 72 b.

Miscellaneous

China Entertainment, 18.40 nom.
International Film, 21c nom.
H.K. Construction, 6¼ nom.
Vibro Piling, 15 nom.
Marsman Investments, 6/- nom.
Marsman (HK), 30c nom.

Cottons

Ewo, 85c nom.
Textile Corp., 3.80 b.
Nanyang Mill, 6.90 b; 7.10 s; 7 sa.

Rubber Companies

Amalgamated Rubber, 1.525 b; 1.55 s.
Ayer Tawah, 2.15 b.
Java-Consolidated Estates, 16c b.
Langkat, 1.20 b.
Rubber Trust, 1.55 b; 1.70 s.
Shanghai Kelantan, 80c b.
Shanghai Sumatra, 2 nom.
Sungala, 1.90 b.

CHINA'S TRADE IN AUGUST

Trade Embargo—On August 15th, fifteen countries (all NATO minus Iceland but plus Japan) officially eased the control of trade with Communist countries. Almost 40 per cent of formerly embargoed goods were freed for export to Sino-Soviet group of countries. According to the list released by the British Board of Trade, goods freed from embargo range from diamonds to petroleum, and floating docks to motor car tyres. On August 28th, London further lifted export controls (effective September 1st) on a wide range of goods including glass, some plastics and metals, dredging equipment, railway vehicles and synthetic rubber. About 120 categories of goods, which are primarily designed for military purposes, are still prohibited for export to the Soviet Union, China, Albania, Bulgaria, Czechoslovakia, Hungary, North Korea, North Vietnam, Poland, Rumania, the Soviet zone of Germany and Tibet.

The United States also removed a substantial number of items from the list of 922 products banned in any US trade with the Communists. All US trade with China, North Korea and North Vietnam, however, continues to be prohibited. American officials do not believe that China has the foreign exchange to expand its purchases from UK and other Western countries to any appreciable

extent. There may be an expansion in purchases of strategic items hitherto unavailable but this will be offset by lower purchases of other materials. The State Department, in a policy statement, declared that UK had found that she bought more goods from China than Peking bought from Britain while West Germany, which does not recognise Peking, had a favourable trade balance with China.

China/UK Trade—There was no immediate improvement in China's purchases from UK after the ease of trade controls on August 15th. Most British industrialists, ranging from petroleum manufacturers to diamond producers, were cautious about the shape of trade to come. Leading traders, however, expressed great relief at the easing of restrictions because they had lost potential markets in the past on account of the embargo. Peking's Ta Kung Pao, which specialises in economic news, commented that the British Government had issued a new list of unrestricted items "after having fully tasted the evil consequences of the embargo."

Meanwhile, increased quantities of Chinese household textiles were shipped to UK. The Board of Trade therefore extended restrictions on the imports of cotton and rayon yarns and cloth to all manufacturers of cotton, linen or man-made fibres except floor coverings and footwear. The quota for household textiles and other made-up goods will be around £220,000 per annum cif. The quotas imposed in January were: £150,000 for imports of cotton and rayon yarn and piecegoods; and £1.5 million for grey cloth from China for reexport after processing in UK.

China/Japan Trade—In Japan, businessmen and manufacturers demanded that the Government improve relations with Peking. According to Mr. Tada-taka Sata, the Japanese Parliament member who visited China during the month, Peking had laid down six requirements as the price for restoring trade relations: (1) Japan must immediately halt its hostile acts towards the Communists. (2) Japan must immediately drop its plotting to create two Chinas. (3) The Japanese Government must not interrupt the establishment of normal relations between the two countries. (4) Japan must send an official delegation to Peking to apologise for the flag incident. The Communist flag must be hoisted again at the place it was torn down and the man who was responsible for the incident must be punished. (5) The Japanese Government must issue a statement pledging that it will strive for normal relations with China. (6) A Japanese delegation should go to Peking to negotiate future problems faced by the two countries.

The Prime Minister, Mr. Nubusuke Kishi, however, said that his Government had no intention whatsoever of dispatching a special envoy to China to apologise for the flag incident in Nagasaki which had supposedly provoked Peking into cutting off all trade relations with Japan. Mr. Kishi further pointed out that Japan had never shown any open hostility to-

ward China and that as long as it is a deliberate misunderstanding and distortion of facts, Japan will continue to adopt a wait-and-see attitude.

China/SE Asia Trade—According to reports from Singapore, many merchants in Singapore and Malaya who used to deal in Japanese goods are now handling Chinese products because Peking agents there are offering easy payment terms in addition to cheap prices. China has also increased the purchase of rubber from Malaya. During August, Malaya shipped about 20,000 tons of rubber (M\$33 million) to China in spite of the fact that Peking had recently complained about the poor quality of Malaya rubber. It is believed that some of the rubber which Malaya shipped to China are being transhipped to Poland, Bulgaria and Rumania.

On August 22nd, Bangkok lifted the ban on export of rubber to Communist countries. Immediately, 5 Thai government officials went to Peking to offer rubber to China. Meanwhile China increased its direct shipment of light industrial products to Thailand. Many items (cement, paper, wire nails, etc.) were sold to Bangkok at prices cheaper than Hongkong traders could offer.

In her trade with Ceylon, Peking failed to pay Colombo a debt of 74 million rupees (about US\$15 million) on 1957 rubber/rice transactions. The original deadline for the settlement of all accounts for last year was March 1958 but it was extended to June 30th. The two countries have not yet decided whether the amount due China for 50,000 tons of rice supplied to Ceylon over and above the contracted quantity and the value of 10,000 tons of Cuban sugar supplied to Ceylon by China should be offset against the above debt.

In the Philippines, President Carlos P. Garcia emphatically ruled out trade with China when Manila's vice-mayor Jesus Marcos Rocas, who had recently toured China, suggested that the Philippines should engage in a government to government trade with China.

China/Australia Trade—The Chinese trade delegation left Australia after a 3-month stay. Details of the mission's activities in Australia were unknown. A report from Peking disclosed that China had bought one and a half million pounds sterling worth of steel products from Australia. The order was placed with the Australian company of Lyssaghts Limited but the report did not mention whether or not the transaction was negotiated by the Chinese delegation during its stay in Australia.

China/Pakistan Trade—A Sino-Pakistani barter contract was signed in Karachi. China will ship 100,000 metric tons of rice to Pakistan in exchange for Pakistani cotton. This is the second contract concluded by the two governments this year. In June, an agreement for the exchange of 150,000 tons of Chinese coal for Pakistani cotton was negotiated.

China/Yemen Trade—A group of Chinese trade officials went to Yemen to study import and export possibilities in accordance with the Sino-Yemeni trade agreement signed in Peking last year.

China/Czechoslovakia Trade—China ordered two more sets of cane sugar mill equipment from Czechoslovakia; each will have an output of 1,000 tons per 24 hours. Czechoslovak industry also sold 13 packaged power plants to China.

China/USSR Trade—China is now heavily in debt in its trade with the Soviet Union. According to the Peking Finance Minister, China now owes USSR 5,200 million yuan and it will take Peking more than eight years to clear the debt at the present rate of repayment. Even if Peking cuts down purchases of machinery from Russia, it will still have to increase exports in order to pay off the debt.

HONGKONG'S TRADE IN AUGUST

IMPORTS & EXPORTS

Total imports amounting to \$339.4 million were \$22.6 m less than in July; imports from China alone were \$27.3 m lower. Exports totalling \$235.7 m, represented a decline of \$11.3 m from the preceding month. The drop resulted chiefly from a reduction of \$13.5 m in exports of Hongkong manufactured goods.

Local traders and manufacturers were not disturbed by the mounting tension over Formosa Strait but they were deeply concerned about the Chinese dumping of cheap cotton goods and other light industrial products in SE Asia and the possible restriction on exports of cotton goods to the United Kingdom.

Trade with China—During the first two weeks, China absorbed some metals, chemicals and pharmaceuticals from the local market. The volume of these purchases was not as impressive as during the preceding month and interest was centred on a small number of items only. The demand was not sustained during the second half month. Government purchasing departments in Peking, Shanghai, Tientsin and Canton were re-scheduling their purchasing lists in view of the ease of embargo on China announced by 15 Western countries and on account of Peking's call on Chinese industries to produce more steel this year.

Imports from China were lower than in July. Local dealers could not get enough supply of popular produce from China to meet the demand from Japan and Europe while on the other hand, re-exports of Chinese cement, paper, cotton textiles and a number of other popular light industrial products to SE Asia slowed down because China was sending these items direct to Malaya, Singapore and other SE Asian markets. Imports of foodstuffs remained heavy. China also sent here following new products to feel the market: transistor radio, electric drills, folding bicycle, DDT, table lamp, electric iron, cut glass, perfumed cotton and silk piecegoods, zip fasteners, laundry equipment, wrist watches, seamless steel pipes, nylon socks, automobile tyres, alarm clocks, printing machinery, and battery-driven toys. It was also reported that several local residents had ordered automobiles from China.

A number of local civic leaders and industrialists urged Government to check the flow of cheap foodstuffs, consumer goods and industrial supplies from China in order to protect the local industry. Business circles here, however, believe that nothing could be done about the dumping of Chinese exports on the local market because Hongkong is a free port. Hongkong actually depends on imports of foodstuffs (with the exception of vegetables) to feed the local population. The majority of the Chinese here enjoy the cheap foodstuffs and delicacies such as canned birds' nest soup from the mainland. Chinese cement and other construction materials are helping to sustain the building boom here while cheap Chinese cotton piecegoods are being quietly absorbed by local processing mills and garment factories. One may therefore argue that the import of cheap Chinese goods helps to stabilize Hongkong's economy.

On the other hand, the Green Island Cement Company's sales this year have been adversely affected by the import of cheap Chinese cement. Many local weaving mills have recently curtailed the production of items which China is sending to HK. Many other local industries also find competition from Chinese goods almost impossible to face particularly in overseas markets. The possible loss of overseas markets is what HK industrialists are really worried about because over 80 per cent of the sales of local products depends on exports.

Furthermore, many local traders (including several European firms who are members of the Hongkong Exporters' Association) are now pushing the re-export of Chinese shirts, cloth, canned food, knitwear, drawn lace work, embroideries and other Chinese light industrial products to Europe, South America, Africa and other overseas markets instead of handling similar HK products as they used to do.

The odds are against local manufacturers. Hongkong, however, can promote exports to markets which reject Communist goods and can also improve the quality of exports to SE Asia in order to beat Chinese and Japanese competition as well as to avoid protective restrictions imposed by SE Asian countries.

Trade with United Kingdom—Steady exports of HK textiles to UK continued to attract adverse criticism from British manufacturers and politicians. The British Cotton Board even alleged that fabrics of Chinese origin were being shipped to UK by way of HK. The fact is that all HK grey cloth shipped duty-free to UK under the Commonwealth Preference System must be covered by Imperial Preference Certificates which assure that a minimum of 25 per cent of the value of these goods is derived from local labour and Commonwealth materials.

According to Reports from London, the British Cotton Board delegation will soon come here to negotiate the restriction of shipments of HK cotton goods to UK. The Cotton Board indicated that it had recently reached an understanding with the cotton industries of India and

Pakistan by which these two countries agreed to limit, for a period of 3 years, their exports of cotton textiles to UK which are for retention in UK.

It remains to be seen whether or not a satisfactory agreement could be reached with HK. Prospects are not bright because, at present, local mills are already struggling under the unfair competition from Chinese cotton goods. A restriction on shipments to UK will force most mills here to cut production to an uneconomical level. Hongkong industrialists are also not prepared to consider Lancashire's demand to restrict imports of other cotton goods in addition to grey cloth. Furthermore, current boycott campaign in UK against "Empire Made" cotton goods is certainly not giving an atmosphere of goodwill!

During the month, local factories reported improved demand from UK for grey cloth after recent decline in the number of orders from this source. During the first eight months this year, exports of greys to UK were higher than similar shipments in the corresponding period in 1957 but the monthly volume last month was much less than during the first few months this year. Export prices were also lower than last year on account of the keen competition from Chinese products.

Imports of consumer goods and factory supplies from UK remained steady and the volume far exceeded that of exports to UK. Up to the end of August, UK had already accumulated a favourable balance of about \$90 million in her trade with HK this year.

Trade with Europe—West Germany, Switzerland, Sweden and Belgium remained Hongkong's principal trading partners in Europe. Among various HK manufactures shipped to Europe during the month, woollen sweaters and other knitwear showed encouraging improvement over the preceding month; demand was particularly keen from Sweden and West Germany. HK woollen knitwear was cheaper than Japanese and Italian goods. Local knitters were able to keep prices competitive partly on account of the low prices for wools and dyestuffs during the month. Demand from West Germany also covered grey cloth, cotton shirts and produce.

Several local firms introduced various Chinese light industrial products (shirts, brushes, cotton goods, silk products, etc.) to Europe. These items from the mainland are now offered by Peking's trade agents here to local firms at prices much cheaper than local manufacturers could compete. Some items, such as cotton shirts, embroideries and bed sheets are also much better in quality than similar local products.

Imports of staple and durable consumer goods as well as metals, paper and other industrial supplies from Europe remained steady although the volume was not as heavy as during the previous months; shipments came mainly from West Germany, Italy, Holland, Belgium, Sweden, Norway and Denmark. Imports of watches from Switzerland remained heavy although the volume this year is not as substantial as in 1957.

Trade with Japan—Demand from Japan for produce remained strong throughout the month but orders covered more SE Asian products than Chinese staples because Peking's trade agents here openly rejected orders for forwards from Japan through local dealers. Japan's purchases of scrap metals from here were also limited to small lots. Consequently, most outgoing vessels to Japan carried less than 300 tons of cargo.

During the first half month, local dealers booked substantial quantities of metals, fertilizers, chemicals, paper, cement, cotton textiles, electric home appliances, sewing machines and other merchandise from Japan to replenish dwindled stocks. The booking of industrial supplies was not kept up during the second half month because China had stopped procuring them from here.

Imports of cement, wheat flour, sugar and cotton textiles were steady throughout the month because local consumption of these items continued strong. A substantial quantity of cotton cloth was also reexported to US. According to Tokyo reports, authorities there will enforce a rigid export control on shipments of velveteen and gingham to HK as from September 1st. The control is designed to prevent flooding of markets in US and Canada by these Japanese textiles.

To stimulate local consumption as well as reexports of Japanese products, businessmen from Nara Prefecture, Japan, conducted a 3-day exhibition of products from Nara at the showroom of the Japanese External Trade Recovery Organization in Man Yee Building. About 10,000 exhibits of 330 kinds of goods (principally textiles, household medicines and sundries) were displayed.

Trade with the United States—Imports averaged 1,500 tons every week. American consumer goods and home appliances retained strong local demand. American oranges were short in supply forcing prices up in the local market towards monthend. Dealers here, however, curtailed imports of American wheat flour, paper, chemicals and other industrial supplies because reexports to Korea, Taiwan and SE Asia remained slow. Imports of American cars were also much below the figure for similar imports from UK and Europe.

The much talked about US-HK joint auto plant will soon be built here to assemble jeeps. According to the plan, the factory will put out 120 jeeps every month. Technicians will come from US while workers will be recruited locally. It is not yet known whether the jeeps assembled here will be exported to Far Eastern territories as civilian vehicles or as military equipment.

Due to availability of cheap labour here and the low taxation, many Americans have invested in local torchlight, garment, pharmaceuticals, toys, plastics and textile industries. Banking facilities and the free exchange markets in this Colony are also the best in the Far East.

American investment in local industries has directly increased the volume of exports of HK manufactures to US. The effect is particularly evident in shipments of torchlight, garments, toys and

textiles to American markets. Consequently, exports of HK manufactures have been steadily increasing instead of declining as alleged by some local Chinese language newspapers which also blamed the recession in US for the drop in exports of HK products.

In addition to traditional exports of cotton goods, rattanware and metalware, HK shipped 12 Chinese junks to US during the month. Each vessel measures 30 feet long and breadths range from 8 feet 2 inches to 9 feet 6 inches. Constructed of Philippine mahogany, the junks have sails made of Chinese cotton, hand-woven, weather-proofed with oil and reinforced with nylon thread. Prices range from US\$3,000 to \$4,250 each. According to American buyers, these HK boats answer the growing needs of US sailing enthusiasts for economical and comfortable transportation for the whole family.

According to the Department of Commerce and Industry, shipments of HK made novelty candles of typical Chinese design to US must now be covered by comprehensive certificates; consignments will otherwise be considered by US as originated from China or North Korea.

Trade with Central America—Hong-kong's exports to Central America remained on the monthly average of about \$2 million. Principal exports include cotton textiles, shirts, enamelware, footwear, torchlight, cotton singlets, towels, plastics and vacuum flasks. An official HK trade mission will soon visit Central American and neighbouring countries to promote trade relations. The mission will carry out market research on broad lines to pave the way for individual merchant or manufacturer. The mission will also encourage visitors to come to HK and see for themselves what the Colony has to offer.

Trade with Thailand—Exports to HK manufactures and reexports of Chinese products totalled about 6,000 tons; most shipments were made during the first half month and covered by orders concluded in July. Bangkok purchased from here, during August, only small lots of metals, camphor products, paper, chemicals, pharmaceuticals, cotton yarn, canned food, fruits, joss sticks, seafood and cosmetics. Exports of cotton yarn to Thailand will further dwindle because authorities there have suspended imports of cotton yarn between 30 and 40 counts to protect domestic spinning industry.

Imports of rice, beans, groundnut oil, feather, starch, rubber and timber from Bangkok were steady throughout the month; rice constituted the bulk of the tonnage.

Trade with Indonesia—Demand from Indonesia for essential supplies was better than during the preceding month but the volume was still small. Djakarta importers could only obtain small sums of foreign exchange to cover their purchases. Orders reached here during the month covered chiefly cotton textiles, foodstuffs, shirts and metalware. Prospects of further improvement are dull because Djakarta may tighten control on imports of non-essentials during the next

fiscal year on account of a deficit of eight billion rupiahs in the budget for 1959. Compared with the preceding year, there is an estimated drop of 2.4 billion rupiahs in revenue due to the possible decline in exports and the estimated loss of earnings in foreign exchange and tax on account of illicit trade conducted by some Indonesian territories outside Java.

In a nation-wide campaign to cut the consumption of textiles, a youth organization in Djakarta urged Indonesian men to slash their trousers off at the knee and shirts at the elbow.

From Indonesia, local dealers imported substantial quantities of rattan, sugar, groundnut, sesame and coconut oil. Imports of coffee beans were curtailed on account of the increased cost.

Trade with Malaya—The 1958 Singapore Trade and Industries Fair opened on August 22nd. HK is among the manufacturing countries represented at the Fair. The exhibition will be closed on September 15th.

Exports of sugar, metals, foodstuffs and HK manufactures amounted to 8,000 tons. Malaya (including Singapore) is the best customer of HK in SE Asia so far this year but monthly export record shows that shipments have declined from \$43 million in January to \$22 m in August. The volume will probably further decline in view of the steady increase in China's direct exports to Singapore and Malaya. Some businessmen in Singapore, however, believe that HK could successfully meet competition from China in the Malayan market if HK manufacturers maintain closer contacts with Singapore traders. United Press reported from Singapore that Mr. Lee Kong Beng of the South-East Asia Trading Company there had advised: "HK manufacturers should make every attempt to visit Malaya and Singapore and find out at first hand what the market demand there is."

Many HK firms choose to establish factories in Malaya because Kuala Lumpur recently passed a bill granting a 5-year tax exemption to investors. Furthermore, authorities there are considering to increase import duties on non-essentials and items which are produced by domestic industries.

Trade with the Philippines—Authorities in Manila maintained strict restrictions on imports from HK in order to prevent the entry of Chinese products and luxuries. Exports during the month were therefore limited to small lots of cotton textiles, enamelware, aluminiumware, hurricane lanterns, tooth brush and other HK manufactures.

Trade with Korea—A large consignment of HK manufactured woollen yarn was sent to Pusan. The shipment was covered by import licence issued there before July 1st. Exports to Korea was otherwise very quiet and limited to small lots of paper, pharmaceuticals, paint, wheat flour and other essentials. There were enquiries from Seoul for trucks, cement, asphalt and wooltops but dealers here were not keen on the business because buying offers were very low.

Trade with Taiwan—The fighting in Formosa Strait had no immediate adverse effect on Hongkong/Taiwan Trade. Cargo movements to and from Taiwan were not interrupted. Steady imports of sugar, cement, tea, citronella oil, camphor products, feather and other produce were maintained throughout the month. Exports of metals, wooltops, chemicals, pharmaceuticals and other essentials, however, were limited to small quantities because importers in Taipei still could not obtain enough foreign exchange to cover their purchases.

Trade with Cambodia—Cargo movements between HK and Cambodia improved slightly following the relaxation of controls there over imports financed from self-provided foreign exchange. Interest was centred chiefly on Chinese paper and other products. Phnompenh also shipped more pigs, sesame, groundnut oil, beans, feathers, maize and other produce to the local market. Further improvements in exports to Cambodia, however, will be difficult because direct trade between China and Cambodia is steadily increasing.

Trade with Laos—The devaluation of Kip in Vientiane encouraged importers there to increase purchases from here with self-provided foreign exchange. The big gap between the unrealistic official rate and the black market rate before the devaluation enabled only a privileged few to import various commodities at the official rate thus making it unprofitable for ordinary merchants to import any merchandise at the black market rate.

Further improvement in exports to Laos, however, will be very much limited because Laotian commodity markets are now over-stocked with various commodities while purchasing power there is still low.

Trade with Vietnam—Trade with South Vietnam remained on a very low level; exports limited to small lots of vegetables and other foodstuffs, medicinal herbs, provisions and cotton goods while imports of beans, bone meal and other staples were handicapped by high cost.

Trade with North Vietnam was very quiet. Imports there are now handled entirely by government officials who procure essentials from China direct whenever possible.

Trade with Burma—Rangoon bought only small quantities of wheat flour, menthol crystal, alum, torch, batteries, vacuum flasks, enamelware and other HK manufactures. There were also enquiries for cotton yarn but no order was concluded during the month. Imports of rice, beans and other staples amounted to only about 2,000 tons.

Trade with Ceylon—There was a slight improvement in exports to Colombo when compared with the record of July. About 2,000 tons of green pea, cotton textiles, garlic, camphor products, enamelware, torch, hurricane lantern, garments, glassware and metals were shipped to Colombo during the month. Authorities there still procured the bulk of imports from China.

Trade with Australia—Imports of frozen meat, dairy products, wools, wheat flour and other consumer items remained on a steady weekly average of 1,500 tons. Local dealers also bought 1,000 cattle from a visiting Australian rancher; shipments will begin in September. Exports of HK manufactures and China produce amounted to about 3,000 tons during the first half month but consignments during the second half month were insignificant.

Trade with Africa—Exports to East Africa amounted to about 2,000 tons and to West Africa, 1,500 tons. Exports to South Africa were quiet. According to reports from Johannesburg, large quantities of Chinese goods were shipped to South Africa at extremely low prices. Among them were textiles, ceramics, electric appliances, rubber goods, sundries and garments.

Imports of cotton, groundnut, tobacco, hide, ivory, tanning extract, fruits and other products from East and South Africa were not as heavy as during the past few months because reexports of these items were limited and local consumption was small.

COMMODITY MARKETS

Produce—Steady demand from Europe and Japan encouraged local dealers to book more vegetable oils and beans from China; oilseeds and beans from SE Asia; as well as groundnut, sesame, menthol crystal, camphor products and feather from Taiwan. The turnover in the spot market would have been more impressive had China shipped more oilseeds and other staples to HK. Trading in forwards was restricted to small lots of Chinese products for shipments to Europe. Peking trade agents here rejected orders from local dealers for forward shipments to Japan; an estimated \$5 million worth of orders for vegetable oils, rosin, oilseeds and beans booked by local dealers for Japan were cancelled.

The market was also kept active by selective demand from UK, Australia, Canada and New Zealand for gallnut, groundnut, aniseed oil, spearmint oil, woodoil, rosin and menthol crystal. Singapore, Malaya, Cambodia, Ceylon and Burma absorbed some dried chilli, garlic, menthol crystal and camphor products from here but quantities involved were insignificant.

Metals—During the first half month, China bought several lots of steel wire rope, brass and copper scraps, steel plate, blackplate and tinplate waste, stainless steel and tool bits from the spot market. During the second half month, however, China suspended purchases from here after the ease of embargo by 15 Western countries on trade with Communist countries.

Demand from SE Asia was quiet; there were only small orders from Thailand for structural steels, from Cambodia for galvanized iron pipe, from Taiwan for zinc sheets and scrap metals, and from Singapore for mild steel plate. Demand from Japan for scrap metals was steady throughout the month but the total quantity involved was very small. Strong

local demand for structural steels and base metals kept prices firm. Firm indents from Europe, US, UK and Japan also helped to strengthen prices on the local market although demand from China had turned sluggish.

Paper—Demand from Korea for wood-free, sulphite, tissue, cellophane, aluminum foil and duplex board was strong during the first three weeks. Dwindled stocks and firm prices here, particularly in the case of American and European products, restricted the volume of business. Towards end of the month, Seoul imposed new restrictions on imports of cellophane which used to constitute a large portion of consignments from here to Korea. Thailand, Indonesia, Cambodia and Singapore provided steady demand for poster, mg cap, tissue, manifold, greaseproof, glassine, cellophane and cigarette paper; quantities involved, however, were small and interest was centred chiefly on Chinese and Japanese goods. Local demand for Chinese printing and writing paper remained strong. Prices on the spot market were firm throughout the month because indents from Europe were still high while cif offers from Japan showed an upward trend on account of the pending increase in freight charges for paper from Japan to HK. Curtailed imports from China and Japan during the month also helped to sustain prices here at a high level.

Industrial Chemicals—China curtailed the supply of some chemicals to the local market on account of its domestic shortage. In the case of sodium nitrate and glycerine, China had not only suspended shipments to HK but also absorbed several lots of European products from here. Such purchases, however, were not kept up during the second half month. Demand from Taiwan covered sodium cyanide, sodium hydrosulphite, stearic acid, lithopone, iron oxide, ammonium chloride, shellac, petrolatum, rongalite C lumps and potassium bichromate; the volume of these procurements was small because importers there could not obtain enough foreign exchange for their purchases. Exports to SE Asia remained sluggish; there were only some petrolatum to Thailand and soda ash to Cambodia. Prices here were steady in general because there was no selling pressure; most popular items of European origin were short in stock.

Pharmaceuticals—China's demand for phenacetin, antipyrin and vitamin B2 powders was not sustained during the second half month. The spot market, however, was kept active throughout the month by orders from Thailand, Korea, Taiwan, Philippines, Singapore, Malaya and Cambodia for sulfonamides, creosote, aspirin, phenacetin, quinine, saccharum lactose, amidopyrin, antipyrin, vitamin B1 and antonin crystal. Local demand for fine chemicals remained steady and prices were firm in general because most items were short in stock and local dealers were still reluctant to book heavy replenishments from Europe, UK, US and other sources.

Cotton Yarn—Hongkong brands retained demand from the Philippines, New

Zealand, Indonesia and local weaving and knitting mills. There were also enquiries from Burma but no order was concluded during the month; local spinners anticipated that Rangoon would eventually order the supply from either Japan or China. Prices for fine yarn were firm throughout the month but prices for coarse yarn were marked down slightly in sympathy with low prices for Indian and Chinese yarn.

Among imported brands, Chinese yarn attracted some orders from Indonesia and Thailand on account of its cheap price. Pakistani products registered no business but retained steady prices on account of firm indents. Indian yarn was bearish; supply was heavy, indents weak and demand sluggish.

Cotton Piecegoods—Hongkong grey cloth retained steady prices because several local mills had curtailed production while demand from Africa, UK, West Germany and other sources remained steady. Chinese and Japanese greys were favoured by local processing mills but prices remained weak under heavy stock and uninterrupted imports. Prices for drills and coloured cloth, both local and imported brands, were weak because the supply far exceeded the demand.

Rice—Prices fluctuated within a narrow limit during the month. Bangkok curtailed export quota to HK and marked up new indents but on the other hand supply from China continued heavy and imports from Cambodia and Burma resumed. Stock here was also more than adequate to meet the normal local consumption.

Wheat Flour—Imports from Canada were delayed during the second half month thus helping to keep prices for Canadian brands steady. Other imported brands, however, dipped under keen competition from Chinese and Japanese products which continued to reach here in substantial quantities. HK brands were kept steady by orders from Singapore, Malaya, Korea and Burma. Local demand for HK brands as well as imported flour improved towards month-end with the approach of the Mid-Autumn Festival which will fall on September 27th (a large quantity of flour will be used in the making of moon cakes for local consumption as well as for exports to SE Asia).

Sugar—Heavy supply from Taiwan and other sources, large stock and limited local demand kept prices at a low level during the first half month. Prices were slightly better in mid-August after imports from Taiwan and China slowed down. There was also an order from Saigon for about 1,300 tons of Taiwan sugar. Local brands first eased but later improved in sympathy with imported brands.

Cement—There were a number of orders for cement from North Borneo, Singapore, Malaya and Burma. Imports from China and Japan were not as heavy as during the past few months but stock here was still very large. Prices for both local and imported brands therefore remained weak on the local market.

COMMODITY PRICES

PRODUCE

Aniseed Star—Kwangsai, export quality, \$105 per ton c & f Europe. North Vietnam, new, \$56 per picul. **Camphor Tablets**—HK, prices per lb: 1/16-oz tablets, \$3; 1/8-oz tab, \$2.90; 1/4-oz, \$2.85; 1/2-oz, \$2.80. **Cassia Lignea**—Kwangsai/Kwangtung, Rs100 per 80-lb bale c & f India. **Duck Feather**—Export quality, NN 85%, 3s 2d per lb c & f Europe. **Goose Feather**—HK processed, GGS 90%, 4s 6d per lb c & f Europe. **Dyed Hen Feather**—HK processed, 10d per lb c & f Europe. **Szechwan, 57d per lb c & f Europe. Garlic**—Shantung, untoasted, \$53 per quintal. **Gypsum**—Hupeh, white, \$13.50 per picul. Kwangtung, brown, \$152 per metric ton. **Menthol Crystal**—HK, \$36.50 per pound. Shanghai, \$36.50. Taiwan, \$28.50. **Peppermint Oil**—HK, \$14.50 lb. Shanghai, \$22.50. Taiwan, \$12. **Dried Red Chilli**—Hunan, \$67 per metric ton c & f Colombo. Kweichow, new, small, \$112 per metric ton c & f Colombo. Shensi, new, forward, \$998 per ton cif HK. **Rosin**—South China, WG grade, \$64/10/0d per metric ton c & f New Zealand. **Mustard Seed**—Tientsin, \$57 per picul. **Sesame**—Indonesia, yellowish white, \$82 per picul. China, black, \$110. Thailand, brown, \$67. Cambodia, brown, new, \$66.80. Taiwan, black, forward, \$70. **Aniseed Oil**—China, in drum, \$780 per picul spot and 7s 5d per lb c & f Europe. HK, in drum, \$720 picul. **Camphor Oil**—Taiwan, in drum, \$120 picul. China, white, \$116. **Citronella Oil**—Hainan, forward, \$2.55 per lb. Taiwan, forward, \$2.60 per lb fob Taiwan or US\$0.50 per lb c & f New York. **Cassia Oil**—China, 80/85%, in drum, 13s 2d per lb c & f Europe. **Woodoil**—China, forward, in drum, prices per long ton: c & f Australia, \$120; c & f New Zealand, \$120; c & f Canada, \$104. **Bitter Almond**—Tientsin, red membrane, old, \$150 per metric ton c & f Europe. **Gallnut**—China, \$345 per metric ton c & f Europe. South Korea, \$310 per picul. **Dried Ginger**—Szechwan, \$125 picul. **Hop Seed**—Tsingtao, second quality, \$18 picul. **Maize**—Cambodia, yellow, forward, \$20.80 picul. North Vietnam, yellow, \$20.70. **Black Bean**—Shanghai, large, new, \$125 per picul. Hupeh, \$40 picul. **Broad Bean**—Ningpo, \$42 picul. **Green Pea**—Szechwan, 1st, \$54 picul. Thailand, 1st, large, \$65. Cambodia, 1st, \$55.50. **Red Bean**—South Vietnam, new, forward, \$41 picul. Shantung, \$62. **Soya Bean**—Dairen, \$47.50 picul. **Groundnut**—Shelled, prices per picul: Indonesia, new, \$80; Tsingtao, unsorted, \$80; Taiwan, large, new, \$78. **Groundnut Oil**—Africa, in drum, forward, \$142 picul. China, Tsingtao, new, forward, \$118 picul. Cambodia, new, \$148. **Soya Bean Oil**—Japan, \$91 picul.

METALS

Mild Steel Angle Bars—Europe or Japan: 3/16" x 1 3/4" x 1 3/4", \$42 per picul; 1/4" x 2" x 2", \$36.50. **MS Flat Bars**—HK, 1/8" x 1/2" x 1", \$35 picul; 1/4" x 1/2" to 2", \$34.50 picul. **MS**

Round Bars—Europe, 3/8" to 7/8" dia, \$33 picul; 1" dia, \$33.50; 1 1/4", \$34.50; 1 1/2", \$34. HK, 1/4" to 3/4" dia, \$33; 7/8" to 1" dia, \$33.50. **MS Square Bars**—Europe or Japan, 3/4" to 1", \$41 picul. **Mild Steel Plates**—Japan, 4' x 8': 1/32", \$58 picul; 1.16", \$55; 3/32", \$45; 1/8", \$44; 3/16", \$43; 1/4" to 1/2", \$42. **Galvanized Steel Sheets**—UK, 4' x 8': 1/32", 62¢ per lb; 1/8", 58¢. **Steel Wire Rope**—UK, 24 x 6 x 7: 1 1/2", \$1.70 per lb; 2", \$1.40. HK, 24 x 6 x 720': 1", \$1.50; 1 1/4", \$1.30; 2", \$1.02; 3", 90¢; 4", 83¢. **Tinplate Waste**—Coked: UK, 18" x 24", \$85 per 200-lb case. Electrolytic: US, 18" x 24", 1 ton skid, \$74 per 200 pounds; UK, \$70. **Misprint**: US, 18" x 24" and larger, \$43 per picul. **Blackplate Waste**—UK, 18" x 24" and larger, G29/G33, \$42 picul. **Galvanized Iron Sheets**—Japan, 3' x 7': USSG 26, 48¢ per lb; USSG 33, \$4.40 per pc; USSG 34, \$4.10 pc. **Aluminum Sheets**—Japan, 99.5% alloy, 4' x 8", G28, \$1.95 per lb. UK, rolled, 99.5% alloy, 2' width, G24, \$1.85 lb. **Brass Sheets**—HK, rolled, 12" width, 10/11-oz per square foot, \$220 per picul. **Box Strapping**—Japan, cold rolled, black, 3/4", G20, \$48.50 per picul. **Brass Wire**—Japan, G8/G12, \$225 picul. **Black Iron Pipes**—Europe, 18' to 22': 1/2" dia, 35¢ per foot; 2", \$1.30; 2 1/2", \$1.95. **Galvanized Iron Pipes**—Europe, 18' to 22': 1/2" dia, 40¢ per foot; 2", \$1.55; 2 1/2", \$2.40. **Scrap Iron**—Cast iron scraps, \$15.20 per picul. Wrought iron scraps, 1st choice, \$240 per ton; 2nd choice, \$160.

PAPER

Newsprint—In reels, 31", 50/52 gr, prices per lb: US, 42¢; Canada, 41 1/2¢; China, 42¢; Japan, 40¢; Norway, 41 1/2¢; Austria, 41 1/2¢; Finland, 41 1/2¢. In reams, 31" x 43", 50/52 gr, 48/50-lb ream: Europe, \$22.50 per ream; Japan, \$17.50 to \$18; China, \$17.50 to \$22. **MG Cap**—White, 22/23 gr, 17 1/2-lb ream, 25" x 44"; Japan, \$7.60 to \$11 ream; China, \$8. White, 13.8-kilo ream, 31" x 43", China, \$14.50 ream. Coloured, 22 gr, 17 1/2-lb ream, 25" x 44", per ream: China, \$7.80; Japan, \$7.90. **MG Pure White Sulphite**—34 gr, 40-lb ream, 35" x 47", per ream: Sweden, \$27.50; Europe, \$27. **MG White Sulphite**—40 gr, 47-lb ream, 35" x 47", per ream: Austria, \$29; Czechoslovakia or Germany, \$28.50; China, \$22. **MG Pure Ribbed Kraft**—Austria, 35" x 47": 39 gr, 46-lb ream, \$29 per ream; 40 gr, 47-lb ream, \$30.50. Japan: 38/39 gr, 45/46-lb ream, \$27; 33/34 gr, 39/40-lb ream, \$23.50; 60/100 gr, 58/120-lb ream, 63¢ per lb. **MG Ribbed Kraft**—Europe, 60/150 gr, 70/160-lb ream, 35" x 47", 67¢ per lb. China, 48-lb ream, \$23.40 ream. **Unglazed Pure Kraft**—Japan, 80/140 gr, 90/160-lb ream, 35" x 47", 60¢ lb. **Unglazed Kraft**—Europe, 50/120 gr, 70/140-lb ream, 35" x 47", 64¢ lb. **Bond**—White 22" x 34", 60 gr, 32-lb ream, per ream: Norway or Sweden, with water mark and brand name, \$31.50; Japan, \$22. Coloured: Norway or Sweden, \$32.50; Japan, \$24. **Wood-free Printing**—31" x 43", 60/100 gr, 57/100-lb ream: Japan, 67¢ per lb; China, \$29 per ream. **Manifold**—White,

22" x 34", per ream: Europe, 20 gr, 16-lb ream, \$16.30 to \$18.30; China, 28 gr, 15-lb ream, \$12.20. Coloured: Europe, \$18.50; China, \$13.30. **Poster**—Japan, 31" x 43", 58/60 gr, 56-lb ream, \$39 ream. China: 17.2 kilo, 36-lb ream, \$17.20; 19 1/2 kilo, 42-lb ream, \$19.20. **Cellophane**—30 gr, 36" x 39", per ream: UK, \$68; Japan, \$58; Italy, \$65; Sweden, \$65; France, \$63. Coloured, France, \$85 ream. **Strawboard**—Japan, 26" x 31", per ton: 8/16-oz, \$445; 12/14-oz, \$430; 20/30-oz, \$520. China: 8/16-oz, \$390; 8/16-oz, \$410. **Duplex Board**—Sweden, 31" x 43", per ream: 250 gr, 240-lb ream, \$134; 230 gr, 220-lb ream, \$123; 300/420 gr, 280/380-lb ream, 58¢ per lb.

INDUSTRIAL CHEMICALS

Acetic Acid—Japan, 70¢ pound. **Citric Acid**—UK, granular, \$1.85 lb. **Cresylic Acid**—UK, 71¢ lb. **Stearic Acid**—Europe, needle form, 98¢ lb. **Sulphuric Acid**—HK, 10¢ lb. **Ammonium Chloride**—UK, \$690 per ton. **Bicarbonate of Ammonia**—Germany, \$600 per ton. **Bicarbonate of Soda**—China, refined, \$21 per 50-kilo bag. UK, refined, \$48 per 100-kilo bag. **Bleaching Powder**—UK, 35%, forward, \$37.20 per 50-kilo drum. **Bronze Powder**—Germany, pale, \$3.40 lb. **Calcium Hypochlorite**—Japan, 60%, 52 1/2¢ lb. **Caustic Soda**—China, \$102 per 200-kilo drum. Germany, \$520 per ton. UK, \$190 per 340-kilo drum. **Formalin**—UK, 37¢ lb. **Glycerine**—China, \$1.60 lb. Holland, \$1.80 lb. Germany, \$1.70 lb. **Gum Arabic**—Sudan, \$1 per lb. **Gum Copal**—Malaya, No. 1, \$206 per picul. **Gum Damar**—Malaya, No. 1, \$260 picul. **Hyposulphite of Soda**—UK, 33¢ lb. **Lead Acetate**—China, 88 1/2¢ lb. Germany, 92¢. **Lithopone** (30%)—China, 28¢ lb. Holland, 37¢. Germany, 33¢. Italy, 32¢. **Petrolatum**—Amber: Holland, 35¢ lb; Germany, 25¢; US, 38¢. **Snow white**, US, 64¢ lb. **Rubber Accelerator**—Germany, M, \$2.36 lb. **Rongalite C** (lump)—Germany, \$1.25 lb. Switzerland, \$1.25. UK, \$1.26. **Lemon Shellac**—India, No. 1, \$220 per picul. **Soda Ash**—China, \$23.50 per 75-kilo bag. UK, dense, forward, \$37 per 100-kilo bag. **Sodium Sulphide**—China, \$600 per ton. **Paraffin Wax**—US, 143 to 150 degrees AMP, \$78 per picul. **Zinc Oxide**—China, 99%, 60¢ lb.

PHARMACEUTICALS

Penicillin-G Tablets—UK, expiration date 1961, 44¢ per carton of 12 tablets each of 50,000 units. **Procaine Penicillin-G Oil Injection**—UK, 1960, \$1.40 per vial of 10 cc, each cc containing 300,000 units; US, 1962, \$2 per vial. **Dihydrostreptomycin**—UK, 1962, 65¢ per vial of 1 gram. **Sulfamerazine Powder**—Holland, \$18.50 per lb. **Sulfathiazole Powder**—Czechoslovakia, \$10.80 lb. UK, \$11.20. Italy, \$10.80. **Aspirin Powder**—UK, \$2.85 lb. France, \$2.85. Germany, \$2.75. **Amidopyrin**—France, \$17 lb. Germany, \$17. **Antipyrin**—Germany or France, \$8.50 lb. **Gum Acacia**—UK, \$2.52 lb. **Phenacetin**—China, \$4.50 lb. UK, \$4.85. Italy, \$4.70. **Saccharum Lactose**—UK, \$1.05 lb. **Winter Green Oil**—UK, \$3 lb.

COTTON YARN

Hongkong Brands—Yarn of 10 counts, \$750 to \$880 per bale; 12's, \$800 to \$910; 20's, \$860 to \$1,010; 30's, \$1,240; 32's, \$1,220 to \$1,355; 40's, \$1,340 to \$1,360; 42's, \$1,500. **Japanese Brands**—32's, \$1,155 to \$1,190; 40's, \$1,250 to \$1,300; 42's, \$1,360 to \$1,400. **Indian Brands**—10's, \$690 to \$720; 20's, \$810 to \$925; 32's, \$1,050 to \$1,060. **Pakistan Brands**—10's, \$690 to \$770; 20's, \$830 to \$910; 32's, \$1,200 to \$1,220. **Chinese Brands**—20's, \$905; 32's, \$1,140; 40's, \$1,240.

COTTON PIECEGOODS

Grey Sheetings—Chinese brands: 63 x 64, 36" x 40 yds, \$31.50 pc; 72 x 69, 38" x 40½ yds, \$25.50; 60 x 60, 36" x 40 yds, \$30.30; 60 x 56, 36" x 40 yds, \$30. Hongkong brands, 60 x 56, 36" x 40 yds, forward, \$35.50 pc. **Indian brands**: 44 x 48, 35" x 40 yds, \$22; 40 x 36, 35" x 40 yds, \$21; 44 x 40, 36" x 40 yds, \$20.50. **Japanese brands**, 72 x 69, 38" x 40½ yds, \$26.20. **Grey Jeans**—Chinese brands, \$24.80 pc. **HK**, \$25 to \$26 pc. **White Cloth**—Japanese brands, \$36.50 to \$39 pc. **White Shirts**—Japanese brands, 36", \$1.09 to \$1.34 per yard.

RICE

White Rice, Whole, 100%—Thailand: 1st grade, \$59.50 per picul; 2nd, \$58.30. **White Rice**—Thailand: 5%, new, 1st, \$56.50; 10%, new, 1st, \$54.90; 15%, new, 1st, \$50.60; 3-quarter, \$50. **China**: Canton, \$42.90. **Cambodia**: special, \$52; 1st, \$51.30; 3rd, \$47.80. **Burma**, \$39.50. **Chai Mei**—China, new, 2nd, \$56.30. **Broken Rice**—Thailand: Al extra, \$45.40; Al special, old, \$44.70; Al ordinary, \$41.30; Cl special, old, \$35.20; C2, \$30. **Cambodia**, \$37.50.

WHEAT FLOUR

Australian Brands—\$12.40 to \$13.50 per 50-lb bag. **American Brands**—\$12.70 to \$14.30 per 50-lb bag. **West German Brands**—\$31.50 per 50-lb bag. **Canadian Brands**—\$14.80 to \$16.10 per 50-lb bag and \$31.80 per 100-lb bag. **Japanese Brands**—\$10.50 to \$11 per 50-lb bag. **Hongkong Brands**—\$11.70 to \$17 per 50-lb bag and \$30 per 150-lb bag.

SUGAR

White Granulated Sugar—Taiwan, refined, No. 24, \$40.80 picul. **Canton**, \$37.80. **Tientsin**, fine, \$42.40. **HK**, fine, \$41.80. **Japan**, fine, \$42.70 picul. **Brown Granulated Sugar**—Taiwan, No. 18, refined, \$34.20. **HK**, \$32.60. **Cuba**, \$33.50. **Indonesia**, \$34.20. **China**, \$32.50. **Brown Slab Sugar**—HK, 1st, \$36. **Canton**, \$35. **Malt Sugar**—Thailand, \$39. **Kwangtung**, \$45 picul.

CEMENT

Ordinary Cement—HK brands: Emerald, rapid hardening, \$6.60 per 112-lb bag; Emerald, \$5.70 per 112-lb bag and \$5.20 per 100-lb bag. **Japanese brands**, \$5.30 per 100-lb bag. **Chinese brands**, in 45-kilo bags, forward, \$105 per metric ton cif HK ex-ship. **Taiwan brands**, spot, \$102 per metric ton. **North Vietnam brands**, spot, \$100 per metric ton. **White Cement**—HK, Snowcrete, \$15 per 1-cwt bag and \$72 per 375-lb drum. **Japanese brands**, \$14.10 per 1-cwt bag. **Danish brands**, \$15 per 50-kilo bag.

Hongkong's Principal Imports in 1957

PART I

ITEM, UNIT & COUNTRY	QUANTITY	H.K.\$	ITEM, UNIT & COUNTRY	QUANTITY	H.K.\$
BOVINE CATTLE, INCLUDING BUFFALOES (No.)	83,411	39,385,276	U.K.	374	607
Australia	259	447,817	Canada	254,804	362,748
Cambodia	7,443	4,911,513	Australia	559,561	772,895
China	50,730	15,418,326	New Zealand	7,390	13,138
Thailand	24,979	18,607,620	U.S.A.	5,076,722	6,822,628
			Argentina	50,639	79,805
			China	3,388,232	4,315,235
			Denmark	598,048	579,196
			Netherlands	789,942	640,739
SHEEP AND LAMBS (No.)	120	16,600	EGGS IN THE SHELL, FRESH, SALTED OR PRE-SERVED (Gross)	3,259,809	62,000,219
Malaya	120	16,600	Malaya	1,813	54,466
SWINE (No.)	543,127	92,370,005	Australia	30,544	1,196,315
Australia	60	60,000	U.S.A.	3	1,333
Cambodia	31,335	6,458,607	China	3,089,662	56,627,881
China	486,352	79,764,820	Japan	22,280	628,734
Formosa	25,233	6,059,238	Macau	91,871	2,887,106
Japan	14	9,280	Thailand	22,027	563,738
Macau	23	4,860	Vietnam, N.	1,609	40,846
Thailand	110	13,200			
POULTRY, LIVE (Lb.)	27,455,071	44,906,818	FRESH WATER FISH AND FISH FRY, FRESH, CHILLED OR FROZEN (NOT INCLUDING FISH OF PET VARIETY) (Cwt.)	344,658	31,604,105
Malaya	3,453	16,674	China	342,834	31,418,558
U.S.A.	460	18,160	Japan	5	1,650
China	27,054,504	44,115,343	Macau	373	30,495
Formosa	1,927	3,196	Vietnam, N.	1,446	153,402
Japan	453	4,824			
Macau	391,382	743,735	WHEAT AND SPELT INCLUDING MESLIN, UNMILLED (Cwt.)	1,165,092	26,560,451
Vietnam, N.	2,892	4,886	Canada	111,085	3,003,529
LIVE ANIMALS (CHIEFLY FOR FOOD), N.E.S. (Lb.)	1,684,557	2,101,794	Australia	890,703	19,141,064
China	1,602,781	1,943,759	U.S.A.	163,334	4,415,318
Macau	4,820	10,831			
Vietnam, N.	76,956	147,204	RICE, WHITE, INCLUDING POLISHED (OTHER THAN BROKEN) (Cwt.)	3,336,214	132,268,947
MEAT OF BOVINE CATTLE (BEEF, VEAL), FRESH, CHILLED OR FROZEN (Lb.)	10,247,156	12,136,499	Australia	2,952	164,404
U.K.	292	1,952	Burma	19,663	617,000
Malaya	22,324	35,800	Cambodia	418,543	13,653,966
Australia	9,288,366	10,892,003	China	1,262,088	49,093,430
New Zealand	133,546	163,677	Thailand	1,546,065	65,786,726
U.S.A.	1,077	6,904	Vietnam, N.	82,903	2,832,030
Argentina	11,048	54,496	Vietnam, S.	4,000	121,418
Brazil	7,751	29,760			
China	756,881	804,865	RICE, WHITE, BROKEN (EDIBLE) (Cwt.)	2,253,575	67,558,745
Japan	4,751	27,724	Burma	9,788	240,094
Netherlands	21,120	119,318	Cambodia	66,385	1,774,538
MEAT OF SHEEP OR LAMBS (MUTTON, LAMB), FRESH, CHILLED OR FROZEN (Lb.)	1,281,427	1,668,977	China	8,070	243,131
U.K.	49	332	Thailand	2,026,758	61,810,945
Australia	870,264	1,249,877	Vietnam, N.	142,574	3,490,037
New Zealand	5,578	10,900			
China	405,536	407,868	RICE, CARGO (BROWN) (Cwt.)	258,507	5,463,921
MEAT OF SWINE (PORK), FRESH, CHILLED OR FROZEN (Lb.)	2,275,679	3,736,793	Cambodia	163,747	3,403,031
S. Africa	99	150	Thailand	3,936	130,635
Australia	58,465	134,566	Vietnam, N.	80,000	1,640,000
New Zealand	496,391	982,996	Vietnam, S.	10,824	290,255
U.S.A.	203	1,069			
Argentina	3,360	6,570	RICE, GLUTINOUS (Cwt.)	313,712	8,756,366
China	1,520,828	2,135,954	Thailand	307,547	8,483,748
Denmark	22,601	63,760	Vietnam, N.	6,165	272,618
Netherlands	173,732	411,728			
POULTRY, KILLED OR DRESSED (Lb.)	3,412,528	6,301,149	MAIZE (CORN), UNMILLED (Cwt.)	739,937	13,347,593
U.K.	2,343	8,755	Burma	8,399	164,104
S. Africa	626	2,310	Cambodia	357,381	6,728,017
Canada	26,410	60,872	China	1,404	24,477
Australia	1,057	4,092	Thailand	67,281	1,309,384
U.S.A.	1,247,846	3,006,049	Vietnam, N.	275,946	4,515,611
China	2,103,881	3,146,517	Vietnam, S.	29,526	606,000
Japan	8,980	29,070			
Philippines	10,446	13,300	MEAL AND FLOUR OF WHEAT AND SPELT (INCLUDING MESLIN) (Cwt.)	464,584	15,930,176
Denmark	5,131	13,671	U.K.	1,168	103,619
Netherlands	5,808	16,513	Canada	223,321	8,501,716
FRESH, CHILLED OR FROZEN MEAT, N.E.S. (INCLUDING EDIBLE OFFALS, HORSEMEAT AND GAME) (Lb.)	10,725,712	13,586,991	Australia	132,130	3,702,633
			U.S.A.	92,008	3,154,553
			Japan	15,957	467,655

ITEM, UNIT & COUNTRY	QUANTITY	H.K.\$
BEANS (OTHER THAN SOYA BEANS), PEAS, LENTILS AND OTHER LEGUMES (PULSES), DRY, INCLUDING SPLIT (Cwt.)	726,395	24,504,141
India	229	12,063
Malaya	4,868	371,728
Pakistan	128	6,679
U.S.A.	345	23,626
Burma	309,211	9,398,940
Cambodia	47,180	1,815,505
China	280,493	9,745,143
Macau	1,681	65,512
Thailand	52,545	2,170,879
Vietnam, N.	13,200	337,774
Vietnam, S.	4,621	180,229
Middle and Near East	11,308	348,096
Belgium	340	15,227
Italy	20	1,520
Netherlands	200	9,720
Europe n.e.s.	26	1,500

FRESH VEGETABLES CHIEFLY FOR HUMAN FOOD, N.E.S. (INCLUDING SWEET POTATOES, FRESH BEANS, PEAS, ETC.) (Cwt.)	3,398,343	44,859,946
U.K.	1,295	358,573
Malaya	563	19,150
Australia	1,208	86,524
U.S.A.	4,475	535,946
China	3,238,463	41,390,661
Formosa	15,469	328,584
Japan	69,177	1,189,553
Macau	64,562	800,966
Vietnam, N.	478	9,685
Middle and Near East	1,200	30,460
Netherlands	1,453	109,644

BEEF SUGAR AND CANE SUGAR, NOT REFINED (Cwt.)	1,173,023	41,068,400
Mauritius	68,581	2,376,000
Malaya	476	14,000
Australia	440,036	15,970,000
Cambodia	3,301	139,407
Formosa	160,392	4,761,158
Indonesia	237,419	9,717,208
Philippines	262,818	8,090,627

BEEF SUGAR AND CANE SUGAR, REFINED (Cwt.)	965,458	40,258,355
U.K.	6	736
Africa, n.e.s.	6,960	306,522
U.S.A.	3	329
Cambodia	100	4,000
China	16,283	596,893
Formosa	862,741	35,486,387
Indonesia	20,000	900,830
Japan	59,365	2,962,658

MOLASSES, INEDIBLE (Cwt.)	175,333	1,962,627
India	68,947	603,503
China	2,606	34,324
Indonesia	94,483	1,180,800
Philippines	9,297	144,000

OTHER SUGARS AND SYRUPS, N.E.S. (E.G., LACTOSE, MALTOSE, GLUCOSE, MAPLE SUGAR AND MAPLE SYRUP, INVERT SUGARS AND LEVULOSE, ARTIFICIAL HONEY, CARAMEL (Lb.)	5,737,117	2,589,567
U.K.	219,116	222,573
S. Africa	417,846	149,816
Malaya	21,330	27,000
New Zealand	201,264	153,500
U.S.A.	276,609	277,112
Cambodia	67,200	18,000
China	378,783	149,505
Formosa	79,366	87,302
Japan	15,375	25,232
Thailand	1,661,831	446,466
Belgium	1,786,385	676,383
Germany, W.	88,000	85,000
Netherlands	524,012	271,678

COFFEE, NOT ROASTED (Lb.)	757,937	1,585,755
U.K.	360	1,800
Borneo, Br.	8,318	14,511
Malaya	439,896	906,946
U.S.A.	1,000	4,250
China	49,497	96,485
Laos	70,000	150,000
Macau	43,354	85,902
Middle and Near East	3,307	12,152
Oceania, n.e.s.	142,205	313,709

ITEM, UNIT & COUNTRY	QUANTITY	H.K.\$
COFFEE ROASTED, INCLUDING GROUND (Lb.)	270,506	1,423,759
U.K.	59,838	192,416
E. Africa, Br.	1,183	4,888
Africa, n.e.s.	1,056	4,354
U.S.A.	194,698	1,168,142
Philippines	1,560	7,300
France	8,700	29,630
Italy	11	73
Netherlands	3,460	16,956
COFFEE EXTRACTS, COFFEE ESSENCES AND SIMILAR PREPARATIONS CONTAINING COFFEE (Lb.)	106,750	2,054,203
U.K.	95,229	1,829,517
Malaya	4,020	70,713
U.S.A.	2,956	52,521
Philippines	150	3,100
Germany, W.	473	6,144
Netherlands	2,790	54,824
Switzerland	1,132	37,384

NEW COMPANIES IN HONGKONG

Following new companies were incorporated in June 1958 (all capital is nominal and in Hongkong Dollars):—

Overseas Engineering & Trading Corporation (HK) Ltd.—Importers & exporters; Capital, 300,000; 216-218 China Building, Hongkong; Subscribers: Tau Wo Kang, 3 Kin Wah Street, Hongkong, merchant; Wong Sau Choo, 58 Conduit Road, Hongkong, spinster; A. N. Braude, The Hongkong Club, Hongkong, merchant. **Kian Tong Shipping Co., Ltd.**—Capital, 1,000,000; 307 Man Yee Building, Hongkong; Subscribers: Max Woo Su-boo, Block A, Tawning Mansions, Hongkong, merchant; Wong Shiu Hung, 7 Peace Avenue, Kowloon, merchant. **Malko General Agencies (HK) Ltd.**—Importers & exporters; Capital, 50,000; Subscribers: John C. Y. Kao, 4 Skyroom Terrace, Hongkong, merchant; T. Fred Yin, 12 Chun Tin Street, Kowloon, merchant. **Wah Sun Offset Printing Co., Ltd.**—Stationers & printers; Capital, 90,000; 15 Sam Pan Street, Hongkong; Subscribers: Leung Sik, 12 Star Street, Hongkong, merchant; Sik Chung Fai, 69 King's Road, Hongkong, merchant. **Guided Tours & Travel Service Ltd.**—Capital, 20,000; 502 Holland House, Hongkong; Subscribers: Tsang Big Wah, 39 Kin Wah Street, King's Road, Hongkong, secretary; Maurice Edmund O'Kelly, 70 Macdonnell Road, Hongkong, chartered accountant. **Kai Ming Investment Co., Ltd.**—Capital, 2,000,000; 21 Chatham Road, Kowloon; Subscribers: Kwan Kai Ming, 21 Chatham Road, Kowloon, merchant; Wong Woon Wan, 21 Chatham Road, Kowloon, married woman. **Dickinson Quarrying Co., Ltd.**—Capital, 100,000; 307 Bank of Canton Building, Hongkong; Subscribers: Ho Hung Dick, 7 Lower Castle Road, Hongkong, merchant; Kam Kwong Chan, 95C Robinson Road, Hongkong, merchant. **May Liong Industries (Weaving) HK Ltd.**—Capital, 300,000; Subscribers: Foo Wai Tan, 25 Bonham Strand West, Hongkong, merchant; Yao Kang, 34J Braga Circuit, Kowloon, merchant.

IMPORTS & EXPORTS OF CHINA DURING JAN.-JUNE 1957*

CHINA		EXPORTS		IMPORTS	
Jan.- June 1956	Jan.- June 1957	Jan.- June 1956	Jan.- June 1957	Jan.- June 1956	Jan.- June 1957
(Million U.S. Dollars)					
Mexico	.3	.3	.9	.2	
Nicaragua	.1	.1	.1		
Argentina	.3	.3	.1		
Brazil					
Chile	.1	.1			
Austria	.7		4.6		
France	6.0	8.3	8.8	13.0	
Switzerland	12.1	6.7	12.1	22.1	
Italy	4.2		4.5		
Portugal		.1		.1	
Finland	.9	3.3	3.4	4.2	
Yugoslavia	2.7	6.7	.9	.3	
Iran	4.6	7.7			
Iraq	6.0	4.0			
Syria	.1	.1	.1	3.9	
Ceylon	7.4		16.3		
Indonesia	17.4	17.5	4.3	20.6	
Vietnam	1.5	4.4			
Pakistan	.3		12.2		
Philippines	.9	.1	.5	.9	
New Zealand	.5	.5			
Union So Africa	.4				
Morocco		7.7			
Tanganyika				.2	
Fr W Africa	.8				
Ghana		.5			
Kenya				.2	
Madagascar		.1			
Mauritius		.1			
Tunisia	.2		.6		
Total	67.1	68.6	69.6	65.8	

* The data are derived from the trade returns of partner countries.

CHINA, MAINLAND

EXPORTS		IMPORTS	
Jan.- June 1956	Jan.- June 1957	Jan.- June 1956	Jan.- June 1957
(Million U.S. Dollars)			
United States	.1		
Canada	4.4	3.7	.4
United Kingdom	14.4	17.9	13.3
Austria		1.2	4.1
Belgium Lux	2.1	2.0	9.0
Denmark	1.1	.3	1.5
Germany Fed Rep	27.0	20.6	12.5
Ireland	.2	.2	
Netherlands	5.5	5.0	1.7
Norway	1.6	.7	.1
Sweden	1.2	1.3	1.7
Greece			.2
Italy		2.9	6.4
Sudan		.2	.4
Egypt	5.6	7.7	17.0
Aden	.3	.4	.1
Burma	10.6	5.1	8.4
Ceylon		7.5	22.7
Hongkong	90.1	100.2	9.2
India	8.1		2.9
Japan	39.5	44.4	22.4
Cambodia	.1		
Malayan Sing	21.9	28.8	.8
Pakistan		3.8	
Thailand			3.3
Australia	2.4	2.6	4.1
Union So Africa		.6	
Algeria	.9	1.9	
Morocco	10.5		
Fr Equat Africa	.2	.1	
Total	247.8	259.1	105.6

HONGKONG'S TRADING PARTNERS IN 1957

PART VIII

JAPAN			DIVISION		
DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$		IMPORTS H.K.\$	EXPORTS H.K.\$
Live animals, chiefly for food ..	14,104	—	Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	1,643,881	110,775
Meat and meat preparations ..	185,438	823	Furniture and fixtures	105,229	261,259
Dairy products, eggs and honey ..	651,712	2,132	Travel goods, handbags and similar articles	953,910	49,750
Fish and fish preparations ..	14,666,664	293,621	Clothing	10,962,256	1,536,355
Cereals and cereal preparations ..	502,978	9,551,338	Footwear	4,515,507	233,943
Fruits and vegetables	15,252,465	13,437,352	Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	9,625,149	1,038,798
Sugar and sugar preparations ..	3,072,595	30,939	Miscellaneous manufactured articles, n.e.s.	30,148,864	611,920
Coffee, tea, cocoa, spices and manufactures thereof	628,816	306,583	Live animals, not for food	15,330	144,052
Feeding stuffs for animals (not including unmilled cereals) ..	444,897	900,573			
Miscellaneous food preparations ..	13,985,101	208,196	Total	763,372,977	228,261,201
Beverages	1,098,342	353,466			
Tobacco and tobacco manufactures	1,368,659	49,268			
Hides, skins and fur skins, undressed	56,993	2,932,754			
Oil-seeds, oil nuts and oil kernels ..	6,800	13,892,570			
Crude rubber, including synthetic and reclaimed	67,847	67,161			
Wood, lumber and cork	14,564	83,400			
Textile fibres and waste	9,721,309	51,635,817			
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones ..	985,568	1,217,615			
Metalliferous ores and metal scrap	—	88,458,810			
Animal & vegetable crude materials, inedible, n.e.s.	5,050,082	13,324,732			
Mineral fuels, lubricants and related materials	559,125	1,437,496			
Animal and vegetable oils (not essential oils), fats, greases and derivatives	28,649,358	11,210,810			
Chemical elements and compounds	8,149,440	223,624			
Mineral tar and crude chemicals from coal, petroleum and natural gas	84,105	—			
Dyeing, tanning and colouring materials	2,536,619	7,049,637			
Medicinal and pharmaceutical products	3,817,756	56,318			
Essential oils and perfume materials; toilet, polishing and cleansing preparations	570,904	892,052			
Fertilizers, manufactured	3,257,164	—			
Explosives and miscellaneous chemical materials and products	2,632,614	74,469			
Leather, leather manufactures, n.e.s., & dressed furs	631,860	18,500			
Rubber manufactures, n.e.s.	4,313,499	842			
Wood and cork manufactures (excluding furniture)	3,206,248	4,332			
Paper, paperboard and manufactures thereof	25,152,581	17,094			
Textile yarn, fabrics, made-up articles and related products ..	409,262,862	1,895,076			
Non-metallic mineral manufactures, n.e.s.	31,197,811	25,396			
Silver, platinum, gems and jewellery	3,645,645	798,031			
Base metals	59,485,316	2,571,246			
Manufactures of metals	6,400,715	134,824			
Machinery other than electric ..	30,970,887	321,815			
Electric machinery, apparatus and appliances	10,571,608	93,409			
Transport equipment	2,531,800	702,228			

INDONESIA

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Meat and meat preparations ..	3,160	8,364
Dairy products, eggs and honey ..	—	158,449
Fish and fish preparations	87,957	3,763,630
Cereals and cereal preparations ..	—	65,846
Fruits and vegetables	25,336	1,319,750
Sugar and sugar preparations ..	11,798,838	2,601
Coffee, tea, cocoa, spices and manufactures thereof	199,150	3,560
Feeding stuffs for animals (not including unmilled cereals) ..	262,050	—
Miscellaneous food preparations ..	312,242	226,610
Beverages	—	194,056
Tobacco and tobacco manufactures	—	20,873
Hides, skins and fur skins, undressed	9,100	—
Oil-seeds, oil nuts and oil kernels ..	1,092,608	—
Textile fibres and waste	336,160	2,541
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones ..	14,200	9,847
Metalliferous ores and metal scrap	3,360	—
Animal & vegetable crude materials, inedible, n.e.s.	12,942,245	1,605,167
Mineral fuels, lubricants and related materials	98,234,015	22,000
Animal and vegetable oils (not essential oils), fats, greases and derivatives	831,876	171,686
Chemical elements and compounds	—	460,748
Dyeing, tanning and colouring materials	—	1,304,325
Medicinal and pharmaceutical products	198	395,857
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	182,120
Explosives and miscellaneous chemical materials and products	—	106,977
Leather, leather manufactures, n.e.s., & dressed furs	—	4,900
Rubber manufactures, n.e.s.	—	121,429
Wood and cork manufactures (excluding furniture)	820	18,352

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Paper, paperboard and manufactures thereof	—	2,177,270
Textile yarn, fabrics, made-up articles and related products	—	224,653,075
Non-metallic mineral manufactures, n.e.s.	—	2,616,429
Silver, platinum, gems and jewellery	—	99,175
Base metals	—	40,044,034
Manufactures of metals	—	5,791,752
Machinery other than electric	—	5,628,994
Electric machinery, apparatus and appliances	—	1,102,998
Transport equipment	12,000	2,568,015
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	9,572,397
Furniture and fixtures	—	124,324
Travel goods, handbags and similar articles	—	6,677
Clothing	—	1,282,426
Footwear	—	6,825
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	83,158	1,354,618
Miscellaneous manufactured articles, n.e.s.	20	5,297,062
Total	126,248,493	312,495,759

THAILAND

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Live animals, chiefly for food ..	18,620,820	—
Meat and meat preparations ..	317,730	30,781
Dairy products, eggs and honey ..	563,738	637,908
Fish and fish preparations	179,602	1,637,243
Cereals and cereal preparations ..	138,023,428	1,798,741
Fruits and vegetables	3,573,760	3,492,372
Sugar and sugar preparations ..	446,466	936,733
Coffee, tea, cocoa, spices and manufactures thereof	2,514,306	1,697,881
Feeding stuffs for animals (not including unmilled cereals) ..	546,362	108,854
Miscellaneous food preparations ..	395,644	3,193,013
Beverages	—	1,393,409
Tobacco and tobacco manufactures	385,274	75,324
Hides, skins and fur skins, undressed	3,107,095	—
Oil-seeds, oil nuts and oil kernels	3,947,570	—
Crude rubber, including synthetic and reclaimed	32,760	10,463
Wood, lumber and cork	10,281,055	1,694
Textile fibres and waste	525,189	370,371
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones ..	717,102	276,737
Metalliferous ores and metal scrap	580,138	69,144
Animal & vegetable crude materials, inedible, n.e.s.	2,256,162	6,805,400
Mineral fuels, lubricants and related materials	—	197,894
Animal and vegetable oils (not essential oils), fats, greases and derivatives	954,404	155,291
Chemical elements and compounds	—	2,796,460
Dyeing, tanning and colouring materials	255,704	7,388,321

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Medicinal and pharmaceutical products	38,586	10,823,154
Essential oils and perfume materials; toilet, polishing and cleansing preparations	43,029	722,614
Fertilizers, manufactured	—	74,025
Explosives and miscellaneous chemical materials and products	254,429	584,789
Leather, leather manufactures, n.e.s., & dressed furs	560	62,246
Rubber manufactures, n.e.s. ..	—	1,721,755
Wood and cork manufactures (excluding furniture)	20,160	104,845
Paper, paperboard and manufactures thereof	1,000	7,211,789
Textile yarn, fabrics, made-up articles and related products ..	356,225	65,051,600
Non-metallic mineral manufactures, n.e.s.	86,403	6,846,449
Silver, platinum, gems and jewellery	860,119	80,716
Base metals	—	10,483,822
Manufactures of metals	660,443	13,435,828
Machinery other than electric ..	994,700	2,772,858
Electric machinery, apparatus and appliances	10,896	3,643,132
Transport equipment	3,154	1,472,237
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	—	3,350,623
Furniture and fixtures	4,500	284,331
Travel goods, hand bags and similar articles	3,073	674,391
Clothing	69,140	13,141,273
Footwear	3,000	3,128,926
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	121,038	1,030,847
Miscellaneous manufactured articles, n.e.s.	18,317	8,374,132
Live animals, not for food	14,144	9,070
Total Merchandise	191,787,225	188,159,486
Gold and specie	—	1,624,896
Total	191,787,225	189,784,382

MACAO

DIVISION	IMPORTS H.K.\$	EXPORTS H.K.\$
Live animals, chiefly for food ..	759,426	839,622
Meat and meat preparations ..	1,806,070	558,103
Dairy products, eggs and honey ..	2,895,031	2,020,382
Fish and fish preparations	4,655,433	304,703
Cereals and cereal preparations ..	59,364	5,659,359
Fruits and vegetables	2,180,426	2,866,520
Sugar and sugar preparations ..	49,798	2,116,356
Coffee, tea, cocoa, spices and manufactures thereof	288,254	1,033,431
Feeding stuffs for animals (not including unmilled cereals) ..	161,119	198,522
Miscellaneous food preparations ..	398,299	983,053
Beverages	2,115,738	2,594,020
Tobacco and tobacco manufactures	623,826	3,915,901
Hides, skins and fur skins, undressed	35,198	23,689
Oil-seeds, oil nuts and oil kernels	9,714	332,319
Crude rubber, including synthetic and reclaimed	4,168	17,846
Wood, lumber and cork	4,786	2,105,611

FAR EASTERN
ECONOMIC REVIEW

DIVISION	IMPORTS		EXPORTS	
	H.K.\$		H.K.\$	
Pulp and waste paper		2,467		286,170
Textile fibres and waste		17,895		318,483
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones	33,291		16,536	
Metalliferous ores and metal scrap	285,578		76,608	
Animal & vegetable crude materials, inedible, n.e.s.	996,297		1,845,104	
Mineral fuels, lubricants and related materials	49,416		2,795,828	
Animal and vegetable oils (not essential oils), fats, greases and derivatives	82,401		2,025,976	
Chemical elements and compounds	38,194		903,462	
Mineral tar and crude chemicals from coal, petroleum and natural gas	1,430		3,428	
Dyeing, tanning and colouring materials	7,270		508,286	
Medicinal and pharmaceutical products	3,662,820		7,072,483	
Essential oils and perfume materials; toilet, polishing and cleansing preparations ..	141,892		3,061,558	
Fertilizers, manufactured	—		26,463	
Explosives and miscellaneous chemical materials and products	11,380,533		329,372	
Leather, leather manufactures, n.e.s., & dressed furs	124,168		349,339	
Rubber manufactures, n.e.s. ..	14,535		251,403	
Wood and cork manufactures (excluding furniture)	107,129		316,164	
Paper, paperboard and manufactures thereof	793,993		1,810,827	
Textile yarn, fabrics, made-up articles and related products	965,700		6,258,591	
Non-metallic mineral manufactures, n.e.s.	776,864		1,038,090	
Silver, platinum, gems and jewellery	7,440		3,270	
Base metals	301,030		2,086,080	
Manufactures of metals	1,195,365		989,000	
Machinery other than electric	261,040		717,690	
Electric machinery, apparatus and appliances	102,161		1,397,001	
Transport equipment	209,699		1,616,746	
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings	22,598		182,470	
Furniture and fixtures	37,024		174,539	
Travel goods, handbags and similar articles	184,444		312,124	
Clothing	625,156		1,343,389	
Footwear	17,239		560,248	
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	41,930		288,794	
Miscellaneous manufactured articles, n.e.s.		4,338,892		1,845,514
Live animals, not for food.		—		210
Total Merchandise		42,872,541		66,380,683
Gold and specie		118,721		402,582,602
Grand Total		42,991,262		468,963,285